

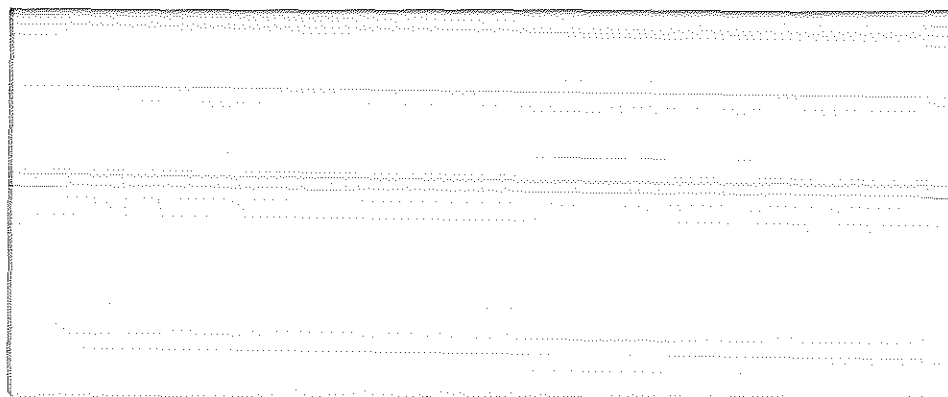
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Office of  
**AUDITOR  
OF STATE**

State Capitol Building – Des Moines, Iowa



David A. Vaudt, CPA  
Auditor of State



**SPECIAL INVESTIGATION OF THE  
CENTRAL IOWA EMPLOYMENT AND TRAINING CONSORTIUM  
AND  
IOWA WORKFORCE DEVELOPMENT**

**JULY 1, 2003 THROUGH DECEMBER 15, 2005**



## Table of Contents

|   | <u>Page</u>     |
|---|-----------------|
| Officials Page  | 2               |
| Auditor of State's Report   | 3-4             |
| Investigative Summary:  |                 |
| Background Information  | 5-8             |
| Detailed Findings   | 8-32            |
| Exhibits:   | <u>Exhibit</u>  |
| CIETC Financial Statements for the Fiscal Years Ended<br>June 30, 2004 and 2005 | A 34-35         |
| Employee Compensation   | B 36-41         |
| Supplemental Payments to Executive Administrative Staff                         | C 42-45         |
| Compensation Comparison Among Providers   | D 46-47         |
| Selected State Officials' Compensation  | E 48-49         |
| Use of Polk County Funding  | F 50            |
| Employee Compensation Paid with Polk County Funding                             | G 51            |
| Allocation of Executive Administrative Staff's Compensation                     | H 52-53         |
| Allocation of Supplemental Payments   | I 55            |
| Promise Jobs Budgets and Expenditures for Regional Providers                    | J 56-57         |
| Promise Jobs Program – Cost per Participant                                     | K 58-59         |
| WIA – Cost per Participant  | L 60            |
| Staff   | 61              |
| Appendices:   | <u>Appendix</u> |
| Organization Chart  | 1 65            |
| Copies of Letters Authorizing Supplemental Payments                             | 2 66-107        |
| Copy of Employment Agreement – Chief Executive Officer                          | 3 109-113       |
| Copy of Employment Agreement – Chief Operating Officer                          | 4 115-119       |
| Copy of Employment Agreement – Chief Accountant                                 | 5 120-122       |
| Copy of Letter to Polk County   | 6 123           |
| Copy of Grant Agreement with Polk County and Resolution                         | 7 124-125       |
| Copies of E-mails Regarding Additional Funding                                  | 8 127-129       |
| Copies of Selected Pages of Monitoring Report (December 19, 2005)               | 9 131-133       |
| Copies of Selected Pages of Monitoring Report (January 7, 2006)                 | 10 135-137      |
| Copies of E-mails Regarding Monitoring Report                                   | 11 138-139      |

## **Officials**

### **Iowa Workforce Development:**

|                 |   |
|-----------------|---|
| Richard Running | Director  |
| Jane Barto      | Deputy Director   |
| Erv Fett        | Division Administrator, Division of Administrative Services |

### **Central Iowa Employment and Training Consortium (CIETC):**

|                   |                         |
|-------------------|-------------------------|
| Ramona Cunningham | Chief Executive Officer |
| John Bargman      | Chief Operating Officer |
| Karen Tesdall     | Chief Accountant        |

### **CIETC Local Officials Board:**

#### **Board Chairperson**

Archie Brooks  
City Council of Des Moines

#### **Vice-Chair**

Dave Reed  
Boone County Board of Supervisors

#### **Secretary Treasurer**

Sherry Howard  
Story County Board of Supervisors

#### **Members**

Michael Campbell  
Polk County

Bob Brown  
DOL AFL-CIO

Bob Sandy  
Warren County Board of Supervisors

Mark A. Hanson  
Dallas County Board of Supervisors

Tom Vlassis  
City Council of Des Moines

Dan Albritton  
South Central Iowa Federation of Labor

Paul F. Cason  
Alternate Board Member

John Mauro  
Polk County Board of Supervisors

Cy McDonald  
Madison County Board of Supervisors

Max Worthington  
Jasper County Board of Supervisors

Ako Abdul-Samad  
Creative Visions

Howard Pothoven  
Marion County Board of Supervisors

### **Regional Workforce Investment Board:**

#### **Board Chair**

J. Karnale Manuel  
Drake University

#### **Vice-Chair**

Michael T. Smith  
Pioneer Hi-Bred

#### **Secretary Treasurer**

Becky Brooks  
B&B Grocery

#### **Members**

Tom Vlassis  
City Council of Des Moines

Dr. Braxton Pulley, D.C.  
Pulley Chiropractic Health Center

Jeff Smith  
Express Services

Sandy Shaver

Robert Veal  
Carpenters' Local #106 JATC

Bob Brown  
DOL AFL-CIO

Patricia Broerman  
City of Des Moines

Kyla Wilson  
B.G. Brecke

Christine Madison  
Winterset Community Schools

Robert Denson  
DMACC

Marlyn McKeen  
Goodwill Industries

Bill Peppmeier  
Red Rock Community Action Program

Rosie Thierer  
Iowa Dept. for the Blind

Twilah Hotopp  
Senior Workforce Solutions

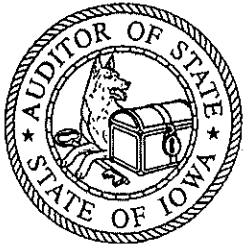
Tomoko Yajima  
Dept. of Vocational Rehabilitation

Terry Meek  
Proteus, Inc.

Candice Heiser-Winston (departing)  
IWD

Cindi Cannavo  
Senior Workforce Solutions

Stephen McCann (incoming)  
IWD



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Auditor of State's Report

To the Director of Iowa Workforce Development and the  
Offices of Inspector General for the U.S. Departments of Labor and Health & Human Services:

After consultation with officials of the U.S. Department of Labor and as a result of concerns identified by an employee of Iowa Workforce Development (IWD), we conducted a special investigation of programs administered by the Central Iowa Employment and Training Consortium (CIETC) and IWD. We have applied certain tests and procedures to selected financial transactions of CIETC for the period July 1, 2003 through December 15, 2005. Based on a review of relevant information and discussions with federal, IWD and CIETC officials and personnel, we performed the following procedures.

- (1) Reviewed internal controls at IWD and CIETC to determine whether adequate policies and procedures were in place.
- (2) Reviewed a "Financial & Administrative Monitoring Review Report" prepared by representatives of the U.S. Department of Labor (DOL). The report was prepared after an onsite monitoring review of 2 DOL grants was conducted at CIETC in December 2004.
- (3) Reviewed Board minutes and met with selected representatives of the Local Elected Official (LEO) and Regional Workforce Investment Boards. We also reviewed documentation signed by the LEO Board Chairperson authorizing base annual salary levels and supplemental payments to CIETC staff.
- (4) Obtained an understanding of the processes used by IWD to award funds to regional fiscal agent providers and reviewed the awarding of funds to CIETC by IWD to determine if the processes used were comparable for awards made to other regional fiscal agent providers.
- (5) Reviewed activity recorded in CIETC's accounting records.
- (6) Examined payroll records, including timesheets and employment agreements, for CIETC staff. We also researched salaries for other positions to determine the reasonableness of compensation packages provided to CIETC's executive administrative staff.
- (7) Reviewed procedures used to allocate salaries and supplemental payments to CIETC staff between federal programs.
- (8) Compared benefits provided to CIETC employees to those provided to employees of other IWD regional providers and State employees.
- (9) Examined supporting documentation for certain disbursements to determine if they were properly supported and allocated and complied with program requirements.
- (10) Examined lease agreements between IWD and CIETC.


- (11) Examined financial status reports submitted to IWD by CIETC for the Workforce Investment Act (WIA) and Promise Jobs programs.
- (12) Examined the Customer Service Plan developed for the region served by CIETC and agreements for sub-contracting program services.
- (13) Reviewed information from other providers in Iowa administering similar programs for IWD. This information included, but was not limited to, organizational structure, job descriptions, executive administrative staff salary levels and/or compensation packages and allocation methodologies.


These procedures identified unallowable uses of federal funds, including excessive compensation packages to CIETC executive employees, improper allocation of salaries and supplemental payments to federal grants and indications of "less than arm's length" transactions between IWD and CIETC. Officials of the federal funding agencies will determine any actions to be taken as a result of the special investigation, including determination of disallowed costs. Our detailed findings and recommendations are presented in the Investigative Summary and **Exhibits A through L** of this report.

The procedures described above do not constitute an audit of financial statements conducted in accordance with U. S. generally accepted auditing standards. Had we performed additional procedures, or had we performed an audit of financial statements of CIETC, other matters might have come to our attention that would have been reported to you.

Copies of this report have been filed with the Offices of Inspector General for the U.S. Departments of Labor and Health & Human Services, the Iowa Department of Human Services, the Division of Criminal Investigation, the Attorney General's Office and the Polk County Attorney's Office.

We would like to acknowledge the assistance and many courtesies extended to us by the officials and personnel of IWD and CIETC during the course of our review.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

March 29, 2006



Iowa Workforce Development and  
Central Iowa Employment and Training Consortium  
Investigative Summary

**Background Information**

**Iowa Workforce Development** - Iowa Workforce Development (IWD) was created in May 1996 through legislation which merged the Department of Employment Services and portions of the Departments of Economic Development and Human Rights. The new department was created to administer the laws of Iowa relating to unemployment compensation insurance, job placement and training, employment safety, labor standards, workers' compensation and others.

The legislation also created the Iowa Workforce Development Board and 16 Regional Workforce Investment Boards (RWIB) to give communities direct input and decision making ability to address local workforce-related priorities. The 16 Regional Boards work closely with IWD and the Iowa Workforce Development Board to create a system to help Iowans respond to the rapid changes occurring in the workplace. The RWIBs are required to annually submit their specific plans and programs to the Iowa Workforce Development Board. The Iowa Workforce Development Board also establishes guidelines, procedures and policies for the awarding of grants by IWD.

The Regional Boards' responsibilities include identifying local workforce development needs, assisting IWD in the award of local service provider contracts and monitoring their performance, and providing an annual report and recommendations to the Iowa Workforce Development Board. Each of the 16 Regional Boards consists of 14 members, including representatives from the following groups:

- 5 businesses
- 1 county elected official
- 5 labor
- 1 school district
- 1 city official
- 1 community college

In 1999, Regional Advisory Boards assumed the responsibilities of the Regional Workforce Investment Boards under the federal Workforce Investment Act (WIA) signed into law in August 1998. The Advisory Boards are still referred to as RWIB.

**Central Iowa Employment & Training Consortium** - The Central Iowa Employment & Training Consortium (CIETC) was created in accordance with the provisions of Chapter 28E of the *Code of Iowa*. Under these provisions, CIETC is considered a governmental entity. Member organizations of CIETC include the City of Des Moines, and Boone, Dallas, Jasper, Madison, Marion, Polk, Story and Warren Counties. According to the 28E agreement, CIETC is governed by a Board of Directors comprised of representatives (or designated alternate) appointed by the Mayor or Chairperson of each member of the organization, with the approval of the Council or Board of Supervisors. The City of Des Moines is entitled to 3 representatives, Polk County is entitled to 4 representatives and each remaining county is entitled to 1 representative. Each representative is entitled to 1 vote.

Through an agreement with the RWIB, CIETC has been selected as the service provider for Region 11. CIETC was established to qualify under the Workforce Investment Act (WIA) and accept the responsibility of acting as any or all of the following:

- A grant recipient,
- The entity to administer the local training plan, and
- The provider of services under the local training plan.

According to the 28E agreement, CIETC may also operate education, employment or training programs sponsored under State or Federal law in addition to any responsibilities accepted as a grant recipient, administrative entity or service provider under WIA.

Also according to the 28E agreement, the financing for CIETC is subject to the local training plan negotiated between CIETC and the RWIB. CIETC activity is dependent upon the availability of funds allocated under each particular program awarded to CIETC.

CIETC had approximately 72 employees as of December 15, 2005 and is managed by a Chief Executive Officer (CEO) and a Chief Operating Officer (COO). The CEO is also referred to as the Director. An organization chart for CIETC is included in **Appendix 1**. The 24 employees in the Navigator, New Iowa and Tax Unemployment Insurance Redesign (Tax UI) programs are referred to as "contract" employees by CIETC's management staff. They are not included in the organization chart. These employees are discussed in greater detail later in the report.

The CEO, COO and Chief Accountant positions are currently filled by Ramona Cunningham, John Bargman and Karen Tesdall, respectively. Hereinafter, these three positions will collectively be referred to as CIETC's executive administrative staff.

Less than 2% of CIETC's funding for the fiscal years ended June 30, 2004 and 2005 originated from sources other than grants from federal, state or local governments. For fiscal years 2004 and 2005, CIETC's revenues totaled \$5,646,093 and \$4,926,256, respectively, while its expenditures totaled \$5,706,132 and \$4,980,448, respectively. A summary of CIETC's financial information obtained from their audit reports is included in **Exhibit A**.

CIETC serves outer counties with offices that are often co-located with State agencies providing related client services. CIETC administers 3 employment and training programs: WIA, Promise Jobs and Welfare-to-Work.

**Workforce Investment Act** - WIA is administered by the U.S. Department of Labor (DOL). It was established to consolidate, coordinate, and improve employment, training, literacy and vocational rehabilitation programs in the United States and for other purposes. WIA is to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, increase occupational skill attainment by participants and, as a result, improve the quality of the workforce, reduce welfare dependency and enhance the productivity and competitiveness of the nation.

To carry out the program, grants are awarded by DOL to State employment agencies. In Iowa, the federal funding is passed through IWD to providers in each of the 16 regions established throughout the state. The Workforce Investment Act, corresponding regulations at 20 CFR 660 through 671 and Office of Management and Budget (OMB) Circular A-87 "Cost Principles for State, Local, and Indian Tribal Governments" govern allowable costs.

**Promise Jobs** - Promise Jobs is an employment and training program administered in Region 11 by IWD, CIETC and the Department of Human Services. The Promise Jobs program is designed to increase the availability of employment and training opportunities to Family Investment Program (formerly known as the Aid to Families with Dependent Children program) recipients and is funded with Temporary Assistance to Needy Families (TANF) money from the U.S. Department of Health & Human Services.

**Concerns Identified** - In late 2005, an employee of IWD contacted the Office of Auditor of State and a representative of DOL regarding certain concerns with the administration of programs subgranted by IWD to CIETC. Those concerns included the awarding of funds to CIETC for the purpose of paying employee bonuses, the possibility of CIETC receiving

preferential treatment over other providers, the leasing of office space and furniture to CIETC by IWD and excessive compensation packages paid to CIETC employees from federal programs.

The employee also provided the Office of Auditor of State a copy of a "Financial & Administrative Monitoring Review Report" prepared by representatives of DOL. The report was prepared after an onsite monitoring review of 2 DOL grants was conducted at CIETC in December 2004. The report stated "DOL identified a handful of practices, all related to executive compensation, that raise concerns about the allowability of certain personnel costs." The report also included disclosure of the following findings, stated in part.

- "...we found notably large payments to the Chief Financial Officer [*also referred to as the COO*] at CIETC that were coded as bonus payments. These bonus payments were ordered by the Chair of the Local Workforce Investment Board (Brooks) as incentive payments, and we found it typical that the Board Chair initiated bonus payments to award performance across the board to CIETC staff, although at much lower percentages of salary for most."
- "We also reviewed similar letters initiating base salary increases for both the CEO and CFO."
- "A review of the personnel policy and procedures handbook indicates that employees of CIETC may receive a maximum incentive payment of 15% of annual salary twice yearly, or at the discretion of the CEO or CIETC Board Chairperson."
- "Our team reviewed a recent letter authorizing *quarterly automatic* incentive payments to the CEO and CFO of 15% of their annual salaries. Multiplied by 4 quarters it indicates that 60% of the annual salary for both the CEO and CFO now come in the form of bonus payments, a practice that falls outside of the sector norms of executive compensation in like non-profit situations (See OMB Circular A-87 Attachment A Part C2)."
- "Additionally, the letter from the Board Chair authorizing these payments mentions the success these executives have had in soliciting various grant funding on behalf of CIETC. OMB Circular A-87 Attachment B, sections 24, 33 and the grant agreement prohibit grant writing, lobbying, and all forms of funding recruitment as allowable costs. Since a sizable portion of the CEO and CFO compensation package is paid using federal dollars, the letter seems to suggest unallowable activity was funded in the form of these salary and bonus payments."
- "Without an executive employment agreement or executive compensation policies, the discretion and wisdom of the Board Chair becomes the sole factor in guaranteeing that executive personnel costs (charged to DOL grants) are appropriate and allowable."
- "At present, CIETC is without evidence demonstrating the allowability and reasonableness of the compensation of CIETC executives, particularly in the area of bonus payments. There was also no evidence available to the review team that the CIETC Board had performed a labor market study of the comparable executive compensation packages for similar organizations/executives."
- "The review team's analysis of the general ledger found no salary or related payments to the Chief Executive Officer of the CIETC posted against H-1B or Earmark fund accounts. We were told by staff that those expenses were paid from other funding sources, including WIA, at the request of the CEO. The result is that WIA and other funding streams are likely paying a disproportionate share of this expense while the H-1B and Earmark grants are paying too little. ... OMB Circular A-87, Attachment A, Paragraph C.3(c) states, 'Any cost allocable to a particular Federal award or cost objective under the principles provided for in this circular may not be charged to other Federal awards to overcome funding deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons.'"

The fourth finding listed above indicates the DOL reviewer's understanding was that up to 60% of the annual salaries could be awarded in the form of bonus payments. However, in actuality, the 4 quarterly incentive payments were in addition to the annual salaries.

The DOL representative subsequently contacted the Office of Auditor of State to determine if procedures to address the concerns identified by the IWD employee would be performed. To determine if an investigation was warranted, we completed certain preliminary procedures including a visit to CIETC and examination of documents such as contracts, budgets, monitoring visits, leases and payroll documents. Based on these procedures, we identified concerns with CIETC's use of federal funds to provide large bonuses to its employees. We also identified

concerns with the process used by IWD to award additional funds to CIETC. We communicated these preliminary results to DOL officials and, in consultation with them, performed certain additional procedures to determine if IWD and CIETC have properly carried out their respective responsibilities in the administration of the WIA and Promise Jobs programs.

### **Detailed Findings**

These procedures identified unallowable uses of federal funds, including excessive compensation packages to CIETC executive employees, improper allocation of salaries and supplemental payments to federal grants and indications of "less than arm's length" transactions between IWD and CIETC. Officials of the federal funding agencies will determine any actions to be taken as a result of the special investigation, including determination of disallowed costs. A detailed explanation of all findings is found below. The findings are presented categorically. The first section of findings is presented for CIETC and the second section for IWD.

#### **I. CENTRAL IOWA EMPLOYMENT AND TRAINING CONSORTIUM**

**A. Employee Compensation** – In accordance with OMB Circular A-87, costs paid with federal funds must be necessary and reasonable for proper and efficient performance and administration of the federal program in order to be considered allowable. In addition, the costs must be adequately documented. According to the Circular, a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration is to be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit or the performance of the Federal award.
- The restraints or requirements imposed by such factors as: sound business practices; arms length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the Federal award.
- Market prices for comparable goods or services.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large, and the Federal Government.
- Whether significant deviations from the established practices of the governmental unit may have unjustifiably increased the Federal award's cost.

In addition, the Regional Grant Agreement entered into between IWD and CIETC states "Costs charged to the Agreement must be consistent with those normally allowed in like circumstances in federally funded activities and/or with applicable State and/or local law, rules or regulations. To be allowable, a cost must (a) be necessary and reasonable for proper and efficient administration of the Agreement; and (b) be allocable to a program under this Agreement; and (c) not be a general expense required to carry out the overall responsibilities of the entity receiving the funds."

Because a primary concern brought to our attention was the possibility CIETC employees had received excessive compensation packages funded by federal programs, we examined the amounts paid to CIETC employees to determine compliance with requirements established by the Circular and the Regional Grant Agreement. Our findings have been summarized in 4 major areas.

**1. CIETC Payroll** – According to CIETC's policy manual, "Because CIETC does not use a pay schedule with pay grade increases, a Supplemental Wage and Incentive system will be used to recognize staff performance and augment staff wages. If funding is available, semi-annual incentives may be awarded." The manual also states "Additional incentives and supplemental wages may be awarded at the discretion of the Chief Executive Officer or the CIETC Board Chairperson. No single award [emphasis added] is to exceed fifteen percent

(15%) of the individual's regular annual wage." The policy manual does not limit the number of supplemental payments any individual can receive.

The policy does not require the employee achieve a measurable performance goal in order to be eligible for the incentive payments. We reviewed letters signed by the Chairperson of the CIETC Board authorizing the incentive payments to CIETC staff. Copies of the letters are included in **Appendix 2**.

Using payroll information, we determined between July 1, 2003 and December 15, 2005, CIETC staff received the compensation summarized in **Table 1**. For comparative purposes, the amount of base salary and supplemental payments paid during each fiscal year within that time period is also summarized in the **Table**. As illustrated by the **Table**, \$1,229,125.28 of supplemental payments were made to CIETC staff during the period of our review. This amount is 22% of the total base salary they collectively earned during the same time period. **Exhibit B** lists the compensation package amounts by employee title for each time period.

**Table 1**

| Time Period                            | Base Salary     | Supplemental Payments | Total Compensation Package | Supplemental as a Percent of Base Salary |
|--|-----------------|-----------------------|----------------------------|--|
| 12 months ended 06/30/04               | \$ 1,920,405.92 | 398,108.87            | 2,318,514.79               | 21%                                      |
| 12 months ended 06/30/05               | 2,304,736.73    | 648,848.41            | 2,953,585.14               | 28%                                      |
| 5 <sup>1/2</sup> months ended 12/15/05 | 1,374,973.40    | 182,168.00            | 1,557,141.40               | 13%                                      |
| Total                                  | \$ 5,600,116.05 | 1,229,125.28          | 6,829,241.33               | 22%                                      |

We also determined the vast majority of the \$1,229,125.28 of supplemental payments were made to CIETC's executive administrative staff. **Table 2** summarizes the supplemental payments received by these 3 CIETC staff members during the period of our review. The **Table** illustrates the 3 staff members received a total of \$938,832.95, or 76.4% of the total supplemental payments made to all CIETC employees.

**Table 2**

| Employee                                  | 12 months ended 06/30/04 | 12 months ended 06/30/05 | 5 <sup>1/2</sup> months ended 12/15/05 | Total      |
|---|--------------------------|--------------------------|--|------------|
| CEO                                       | \$ 145,306.45            | 212,425.00               | 87,170.00                              | 444,901.45 |
| COO                                       | 138,561.90               | 207,087.00               | 81,584.00                              | 427,232.90 |
| Chief Accountant                          | 25,741.00                | 36,243.60                | 4,714.00                               | 66,698.60  |
| Total Supplemental Payments               | \$ 309,609.35            | 455,755.60               | 173,468.00                             | 938,832.95 |
| Percent to Executive administrative staff | 77.8%                    | 70.2%                    | 95.2%                                  | 76.4%      |

CIETC's policy manual states the supplemental payments are in lieu of a pay schedule with pay grade increases. However, during our review of payroll information, we also identified cost of living adjustments (COLAs) that appear to be similar in nature and amount to what is typically awarded by employers as pay grade increases. The COLAs awarded to CIETC employees at the end of fiscal year 2005 ranged from approximately 2% to 5% of the employees' salaries.

The dollar amount for COLAs is determined at the end of each fiscal year by multiplying the May Consumer Price Index for Urban Wage Earners and Clerical Workers by the annual payroll for CIETC as a whole, including the salaries of the CEO and COO. This amount is

then divided evenly among all staff. The supplemental payments made to employees, however, are not included in the calculation of the COLA amount.

**2. Executive Administrative Staff Compensation Packages** – We determined the executive administrative staff of CIETC received the compensation packages summarized in **Table 3** during the period of our review. The compensation packages include base pay, incentive payments and bonuses.

**Table 3**

| <b>Employee Description</b>       | <b>12 months ended 06/30/04</b> | <b>12 months ended 06/30/05</b> | <b>5½ months ended 12/15/05**</b> | <b>Total</b> |
|-----------------------------------|---------------------------------|---------------------------------|-----------------------------------|--------------|
| <b>CEO:</b>                       |                                 |                                 |                                   |              |
| Base annual salary                | \$ 108,748.85                   | 155,811.27                      | 85,923.21                         | 350,483.33   |
| Automatic quarterly payments      | 53,720.00                       | 107,533.00                      | 54,934.00                         | 216,187.00   |
| Discretionary semiannual payments | 18,907.00                       | 20,642.00                       | 28,036.00                         | 67,585.00    |
| Other discretionary payments      | 72,679.45                       | 84,250.00                       | 4,200.00                          | 161,129.45   |
| Subtotal                          | 254,055.30                      | 368,236.27                      | 173,093.21                        | 795,384.78   |
| <b>COO:</b>                       |                                 |                                 |                                   |              |
| Base annual salary                | 102,931.57                      | 152,923.21                      | 84,487.99                         | 340,342.77   |
| Automatic quarterly payments      | 51,172.00                       | 105,081.00                      | 54,016.00                         | 210,269.00   |
| Discretionary semiannual payments | 18,066.00                       | 20,255.00                       | 27,568.00                         | 65,889.00    |
| Other discretionary payments      | 69,323.90                       | 81,751.00                       | -                                 | 151,074.90   |
| Subtotal                          | 241,493.47                      | 360,010.21                      | 166,071.99                        | 767,575.67   |
| <b>Chief Accountant:</b>          |                                 |                                 |                                   |              |
| Base annual salary                | 89,137.02                       | 92,924.46                       | 43,466.47                         | 225,527.95   |
| Automatic quarterly payments      | -                               | -                               | -                                 | -            |
| Discretionary semiannual payments | 9,161.00                        | 9,297.60                        | -                                 | 18,458.60    |
| Other discretionary payments      | 16,580.00                       | 26,946.00                       | 4,714.00                          | 48,240.00    |
| Subtotal                          | 114,878.02                      | 129,168.06                      | 48,180.47                         | 292,226.55   |
| Total                             | \$ 610,426.79                   | 857,414.54                      | 387,345.67                        | 1,855,187.00 |

\*\* - According to the executive administrative staff's employment agreements, the CEO, COO and Chief Accountant will received an additional \$184,751.38, \$181,667.37 and \$50,769.60, respectively, in base salary and quarterly supplemental payments for the period December 16, 2005 through June 30, 2006.

Employment agreements were established for the CEO and COO on January 10, 2005. The agreements were authorized by the Chairperson of the CIETC Board of Directors. According to the CEO, the employment agreements were prepared in response to a recommendation included in the December 2004 monitoring report prepared by the DOL review team. Prior to January 2005, there was no documentation of the authorized compensation packages for the positions. The agreements established annual salaries of \$178,006 and \$175,011 for the CEO and COO, respectively, as well as quarterly supplemental wage and incentive pay in addition to the base salary, not to exceed the percentage allowed by CIETC's personnel policy.

Because CIETC's policy allowed supplemental payments up to 15% of annual base salary amounts, the quarterly supplemental wage and incentive payments to the CEO and COO totaled \$26,700.90 and \$26,251.65, respectively, at January 10, 2005. However, because the authorized annual base salary payments were periodically increased and because quarterly supplemental wage and incentive payments were not always made in a timely manner following the end of the quarter, the amounts actually paid to the CEO and COO for quarterly payments often differed from these amounts. **Exhibit C** lists each of the supplemental payments made to CIETC's executive administrative staff during the period of

our review. **Table 4** lists the quarterly payments and the time periods to which they appear to correspond.

**Table 4**

| Date Paid          | Supplement Payment to |            | Apparent Quarter |
|--------------------|-----------------------|------------|------------------|
|                    | CEO                   | COO        |                  |
| 06/23/03*          | \$ 15,906.00          | 15,042.00  | June 2003        |
| 01/16/04*          | 18,907.00             | 18,065.00  | September 2003   |
| 03/26/04, 04/05/04 | 18,907.00             | 18,065.00  | December 2003    |
| 07/01/04           | 18,907.00             | 18,064.00  | March 2004       |
| 08/24/04           | 20,642.00             | 20,255.00  | June 2004        |
| 10/18/04, 11/01/04 | 20,642.00             | 20,255.00  | September 2004   |
| 11/22/04, 12/17/04 | 20,642.00             | 20,255.00  | December 2004    |
| 02/22/05           | 26,700.00             | 26,252.00  | March 2005       |
| 07/05/05*          | 26,898.00             | 26,448.00  | June 2005        |
| 08/22/05           | 28,036.00             | 27,568.00  | September 2005   |
| Total              | \$ 216,187.00         | 210,269.00 |                  |

\* - Date paid is unknown. Date shown in **Table** is the date of the letter authorizing the payment.

**Table 4** illustrates the quarterly supplemental payments were generally not made in a timely manner and several of the quarterly payments were paid early. The payments made on August 22, 2005 were calculated using the CEO's and COO's increased base salary amounts that were not effective until their employment agreements were signed on September 8, 2005. As a result, the incentive payments to the CEO and COO were \$1,338.00 and \$1,120.00 greater than they would have been if the proper base salary amount had been used.

According to copies of e-mail correspondence provided to us by the CEO, copies of the employment agreements were sent to the DOL reviewer for his consideration. According to the e-mail response provided to us and dated February 18, 2005 the DOL reviewer stated the agreements "seem to address all of the issues that have been raised during the course of our DOL review."

Revised employment agreements for the CEO and COO were established on September 8, 2005. An employment agreement was also established for the Chief Accountant on that date. All 3 agreements were authorized by the Chairperson of the CIETC Board of Directors. Copies of the employment agreements are included in **Appendices 3, 4 and 5**. As illustrated by the **Appendices**, the CEO, COO and Chief Accountant received an annual base salary of \$186,908, \$183,788 and \$94,286, respectively. In addition to their base salary, the CEO and COO receive quarterly supplemental wage and incentive payments not to individually exceed the 15% allowed by CIETC's personnel policy. Also, the employment agreements specify the CEO and COO are also authorized to receive other supplemental payments.

The following notation was made in the minutes posted on CIETC's website for the Board's meeting on November 10, 2005.

"Archie Brooks [*the Board Chairperson*] said that in the past, per the CIETC Personnel Policies he approved supplemental wage payments. Archie noted that in July, for instance, he told the board he had approved supplemental pay for staff paid through one of CIETC's funding streams. He said he wanted a reconfirmation of his authority. He reviewed CIETC's Personnel Policy, and requested reconfirmation by the board. Motion by Dan Albritton to reaffirm the

CIETC Personnel Policies, and that the Board Chair has the authority to set wages and supplemental pay levels for CIETC staff, seconded by Ako Abdul-Samad, motion Carried. After discussion Archie also stated that he would, in future, consult with the Executive Committee on these matters. As always, a report will also be made to the full board. A packet containing personnel policies and employment agreements were provided at the board meeting."

We interviewed 4 CIETC Board members, including 2 who serve on the Executive Committee. When asked if they received a packet containing the employment agreements, 1 recalled receiving the personnel policies, but all stated they did not receive the employment agreements. However, the Board members we spoke with confirmed the Chair stated at the November 2005 Board meeting that all future employment agreements would be reviewed by the Executive Committee.

In addition, all Board members we spoke with stated they had not previously been informed of the base salary levels for any of the CIETC staff members. According to the Board members, detailed information related to the administrative operations of CIETC was not shared with the Board. The Board members also stated agenda items were not typically discussed by the Board. Instead, they were presented as if a decision had already been formulated by the CEO and/or Board Chairperson and the Board was being informed of the matter.

Each component of the compensation packages is addressed individually in the following sections.

- a) **Base Salary** – During the period of our review, the executive administrative staff of CIETC received the base salary amounts summarized in **Table 5**. The amounts shown in the **Table** are only through December 15, 2005.

| <b>Employee</b>  | <b>12 months ended<br/>06/30/04</b> | <b>12 months ended<br/>06/30/05</b> | <b>5½ months ended<br/>12/15/05<sup>^</sup></b> | <b>Total</b>      |
|------------------|-------------------------------------|-------------------------------------|---|-------------------|
| CEO              | \$ 108,748.85                       | 155,811.27                          | 85,923.21                                       | 350,483.33        |
| COO              | 102,931.57                          | 152,923.21                          | 84,487.99                                       | 340,342.77        |
| Chief Accountant | 89,137.02                           | 92,924.46                           | 43,466.47                                       | 225,527.95        |
| <b>Total</b>     | <b>\$ 300,817.44</b>                | <b>401,658.94</b>                   | <b>213,877.67</b>                               | <b>916,354.05</b> |

<sup>^</sup> - The amounts shown in this column are for a partial year. The amounts shown are just less than half of the authorized annual base salary amounts.

As illustrated by **Table 6**, the base salary paid to the CEO and COO increased significantly between fiscal years 2004 and 2005. **Table 6** summarizes the authorized base salary for each member of the executive administrative staff. Although according to the September 8, 2005 employment agreements with the CEO and COO salaries are to be established each July, they were increased at 6 month intervals during 2004 and 2005.



Table 6

| Effective Date | CEO          |        | COO         |        | Chief Accountant |        |
|----------------|--------------|--------|-------------|--------|------------------|--------|
|                | Base Salary  | % Inc. | Base Salary | % Inc. | Base Salary      | % Inc. |
| As of 06/22/03 | \$ 96,400.00 | -      | 91,163.64   | -      | ^90,749.20       | -      |
| 07/01/03       | *106,040.00  | 10.0%  | *100,280.00 | 10.0%  | #91,603.20       | 0.9%   |
| 01/19/04       | 126,047.00   | 18.9%  | 120,433.00  | 20.1%  | 91,603.20        | -      |
| 07/05/04       | 137,613.00   | 9.2%   | 135,033.00  | 12.1%  | 92,976.00        | 1.5%   |
| 01/10/05       | 178,006.00   | 29.4%  | 175,011.00  | 29.6%  | 92,976.00        | -      |
| 07/01/05**     | 179,310.40   | 0.7%   | 176,321.40  | 0.7%   | 94,286.00        | 1.4%   |
| 09/08/05       | 186,908.00   | 4.2%   | 183,788.00  | 4.2%   | 94,286.00        | -      |

\* - Calculated using information from letter included in **Appendix 2** and subsequent base salary payments.

\*\* - Adjustments for COLA.

# - Calculated by adjusting her July 1, 2004 base salary for the previous year percentage increase.

^ - Calculated by adjusting her July 1, 2003 base salary for COLA.

Allowing for the base salary increase awarded to the CEO and COO in early July 2003, the CEO and COO's base salaries increased 94% and 102%, respectively, by September 8, 2005.

- b) **Supplemental Payments** - During the period of our review, CIETC's executive administrative staff received \$938,832.95 of supplemental payments as summarized in **Table 2**. Each of the supplemental payments made to the CEO, COO and Chief Accountant between July 1, 2003 and December 15, 2005 are listed in **Exhibit C**. As illustrated by the payments listed in the **Exhibit**, the CEO and COO received semi-annual incentive payments amounting to 15% of their annual base salary in addition to the quarterly incentive payments of 15% each. They also periodically received "special" supplemental payments. **Table 7** summarizes the number and types of supplemental payments received by the CEO and COO. Most CIETC employees receive 2 to 3 supplemental payments each year.

Table 7

| Employee Description | 12 months ended 06/30/04 | 12 months ended 06/30/05 | 5½ months ended 12/15/05 | Total |
|----------------------|--------------------------|--------------------------|--------------------------|-------|
| <b>CEO:</b>          |                          |                          |                          |       |
| Quarterly payment    | 3                        | 5                        | 2                        | 10    |
| Semiannual payment   | 1                        | 1                        | 1                        | 3     |
| Other payments       | 4                        | 7                        | 1                        | 12    |
| Subtotal             | 8                        | 13                       | 4                        | 25    |
| <b>COO:</b>          |                          |                          |                          |       |
| Quarterly payment    | 3                        | 5                        | 2                        | 10    |
| Semiannual payment   | 1                        | 1                        | 1                        | 3     |
| Other payments       | 4                        | 7                        | -                        | 11    |
| Subtotal             | 8                        | 13                       | 3                        | 24    |

The **Table** illustrates the CEO and COO receive an unusually large number of supplemental payments. For example, during the first 2 months of 2005, in addition to their regular base salary, the CEO and COO received 4 supplemental payments for an additional \$75,142.00, respectively. The additional payments are listed in **Table 8**.

Table 8

| Payment Date | CEO          | COO       | Stated Purpose              |
|--------------|--------------|-----------|-----------------------------|
| 01/04/05     | \$20,642.00  | 20,255.00 | Quarterly supplemental pay^ |
| 01/05/05     | 10,000.00    | 10,000.00 | Additional work             |
| 01/31/05     | 17,800.00    | 17,500.00 | Additional work             |
| 02/22/05     | 26,700.00    | 26,252.00 | Quarterly supplemental pay  |
| Total        | \$ 75,142.00 | 74,007.00 |                             |

^ - Authorization letter was not available.

To support the supplemental payments, we were provided letters signed by the Board Chairperson authorizing the payments for the period July 1, 2003 through December 15, 2005. However, as illustrated by **Exhibit C**, 5 of the supplemental payments were not supported by a letter or any other documentation. Copies of the letters signed by the Chairperson are included in **Appendix 2**. The letter dated June 23, 2003 states a comparison has been done between CIETC executive salaries and similar public and private positions. The letter, in part, also states the following:

"Our goal is to bring your salaries to a higher than average level that is commensurate with your experience and the responsibilities that you hold. Normally, the Board would make all of such adjustments through a permanent salary increase. However, given the volatility of the State and Federal Budgets, we will recognize your efforts through a 10% annual salary increase with the remainder of the adjustments provided through the use of the Quarterly Supplemental Wage and Incentive Pay. ... Beginning with Program Year 2003 [fiscal year 2004], each quarter a fifteen percent Quarterly Supplemental Wage and Incentive Pay is to be provided..."

This letter effectively increased the CEO and COO compensation packages by more than 70% from fiscal year 2003 to fiscal year 2004. This increase does not include any additional supplemental payments awarded to the CEO and COO at the discretion of the Board Chairperson. As illustrated by **Exhibit C**, the CEO and COO received 4 more supplemental payments during fiscal year 2004, in addition to the pay increase and quarterly incentive payments.

**Appendix 2** also includes a letter documenting the Chairperson authorized a supplemental payment for the CEO on September 16, 2002. While this bonus payment was made prior to the time period of our review, it was included to demonstrate it was awarded for the CEO's "additional work and success for securing funding." OMB Circular A-87 Attachment B, sections 21 and 27, prohibit funding recruitment as allowable costs. Because the vast majority of the CEO's compensation package is paid using federal dollars, the letter suggests unallowable activity was funded in the bonus payment.

**3. Basis for Executive Administrative Staff's Compensation Packages** - The employment agreements state "In determining an overall package of compensation; local, state and federal compensation systems were examined with the aim of being competitive with the public and private sectors." When we asked for a copy of the documentation used to establish the executive administrative salaries, we were provided a copy of labor market information for management occupations obtained from IWD's website for the region in which CIETC operates. The market information stated an experienced Chief Executive earned on average \$88.63 per hour. This calculates to an annual base salary of \$184,350.40. However, the base salary information used was not limited to executive staff of similar entities. Rather, the base salary information included Chief Executives for all

industries, both private and public sector organizations, in Region 11 of the State of Iowa. Organizations in this part of the State include major insurance companies such as Allied Insurance, Nationwide Insurance and Principal Financial Group as well as Meredith Corporation and Pioneer Hi-Bred International, Inc.

When we used IWD's website, we determined the 2005 salary for an experienced CEO of a "Public Administration" entity was \$30.53 per hour, or \$63,502.40 annually. This amount is comparable to the compensation we identified for executive administrative positions at other providers administering the WIA and Promise Jobs programs in Iowa.

In order to compare compensation for the executive administrative staff of an entity similar to CIETC, we contacted providers that administer the WIA and Promise Jobs programs in 8 of the 15 other regions in Iowa. (Of the 8 regions, 1 provider administers the programs in 2 regions.) The programs are administered in the 8 other regions by staff at non-profit entities, community colleges or other governmental entities. **Table 9** summarizes the compensation packages paid to executive administrative staff of the providers with whom we spoke for fiscal year 2006. **Exhibit D** provides additional comparisons of the compensation packages between CIETC and other providers.

**Table 9**

| <b>Provider</b>                                    | <b>CEO /<br/>Director</b> | <b>COO /<br/>Operations Supervisor</b> | <b>Chief<br/>Accountant</b> |
|--|---------------------------|--|-----------------------------|
| CIETC**  | \$ 357,844.59             | 347,739.36                             | 98,950.07                   |
| Upper Explorerland Regional<br>Planning Commission | 58,115.00                 | -                                      | 34,363.00                   |
| NW Iowa Planning & Development<br>Commission       | 67,352.00                 | -                                      | 45,438.00                   |
| Region XII Council of Governments                  | 74,377.00                 | -                                      | 57,408.00                   |
| Eastern Iowa Community College                     | 80,327.00                 | -                                      | 50,759.00                   |
| Kirkwood Community College                         | 89,579.00                 | 47,083.00                              | ^                           |
| Iowa Western Community College                     | 81,976.00                 | -                                      | 46,328.00                   |
| Matura Action Corporation                          | 75,355.00                 | -                                      | 41,288.00                   |
| Indian Hills Community College                     | -                         | -                                      | #                           |

\*\* - The amount shown in the **Table** includes the actual paid to executive administrative staff from July 1, 2005 through December 15, 2005 plus the amount due to the staff between December 16, 2005 through June 30, 2006, in accordance with their employment agreements.

^ - The Operations Supervisor performs some accounting functions such as preparation of financial status reports. However, other duties, such as payroll, are performed by staff in the College's business office and the provider does not incur an expense for these services.

# - Administered through Community College business office. The College received 10% charge-back of Job Training salaries and fringes.

As illustrated by the **Table**, none of the 8 other providers we spoke with have 3 separate individuals filling the high level administrative positions established by CIETC. Only 1 of the providers had a position similar to the COO position at CIETC. As shown by the **Table**, CIETC's executive administrative staff compensation packages are considerably more than those found at the other providers we visited.

CIETC's Chief Accountant is also paid more than the Executive Directors at the other providers. The Chief Accountant also is paid more than state employees with similar duties and responsibilities. In fiscal year 2006, the range for an Accountant 3 was \$42,203.00 to \$63,877.00, while an Accountant 4 was \$51,355.00 to \$77,106.00. Based on our review of the Chief Accountant's duties, we believe her salary should be comparable to the State's pay ranges.

In addition to the amount paid to the Chief Accountant, CIETC hired a consultant to assist with the implementation of GASB Statement Number 34 and the preparation of annual financial statements at a cost of \$38,075.00 during the period of our review.

According to the CEO, comparing CIETC's salaries to those established by other providers is not appropriate because "there are too many differences in agency size, agency independence, number of staff for each program, number of clients, budgets, outside resources, and services provided to clients. It is comparing apples to oranges." However, based on our review and discussions with IWD personnel, CIETC provides very similar services to the other providers. We were unable to identify any differences significant enough to explain CIETC's executive administrative staff compensation packages. While CIETC may serve a larger number of clients, several of the other providers supply more than employment training services without significant increases in administrative costs. For example, some of the providers also supply transportation services.

We also considered the salaries of executive level State employees. **Exhibit E** lists the compensation paid to Directors of a number of State agencies for the fiscal year ended June 30, 2005. As illustrated by the **Exhibit**, the CEO of the Iowa Lottery, Dr. Edward Stanek, receives the highest salary amount of \$215,040.00. All remaining State Agency Directors listed in **Exhibit E** were paid between \$76,965.00 and \$139,018.00, including the Governor whose salary is \$107,482.00. The majority of these Directors manage larger staff, larger budgets and a wider variety of services than those administered by CIETC's executive administrative staff.

The compensation packages provided to CIETC's CEO and COO for the fiscal year ended June 30, 2005 also exceeded the salaries provided to the presidents of each of the State's 3 universities and 15 community colleges.

The presidents of the 3 State universities received the following salaries for fiscal year 2005:

- University of Iowa \$300,450
- Iowa State University 293,250
- University of Northern Iowa 231,050

The number of employees, the budgets and services at the 3 universities are considerably more than at CIETC. CIETC's operations are not nearly as complex as most state agencies either. However, the CEO and COO of CIETC were paid \$368,236.27 and \$360,010.21, respectively, for fiscal year 2005, which is more than the presidents at all 3 universities.

In addition, the salaries for the 15 community college presidents ranged from \$103,000 to \$203,000 for FY 2006, as shown in **Exhibit E**. The average community college president salary was \$143,433.00. A number of community colleges are also fiscal agents/service providers for the job training programs. These responsibilities are just a small portion of the overall community college function.

From these salary comparisons, the amounts paid to CIETC's CEO and COO are excessive, unreasonable and an improper use of Federal and State funds.

When we compared the CEO's and COO's employment agreements signed in September 2005 to those effective in January 2005, we determined the first 5 paragraphs were new additions to the documents. A significant portion of the new paragraphs addresses the salary system, the basis for determining the compensation packages and justification for the base salary levels. The employment agreements specify, in part, "The intent of this agreement is to provide a high level of compensation that mirrors what is provided in the private sector in exchange for loyalty to the agency..."

The employment agreements for the CEO and COO contain the following justification for their compensation.

"Finally, this system of payments is being used because of the Board's desire to expand the scope and purpose of CIETC. It has been the Board's intent to grow beyond the traditional WIA and PROMISE JOBS programming and, if feasible, also to begin a private-for-profit initiative to assist with the training and placement of CIETC's clientele. The Board believes that this level of compensation is necessary because of the complexity and long-term planning required to start such an initiative."

As previously stated, less than 2% of the funding received by CIETC is from sources other than grants from governmental units. As a result, the executive administrative staff's compensation packages are paid with governmental funds. The use of these funds to assist CIETC in establishing a private-for-profit entity is not in compliance with grant requirements.

**4. Additional Funding for Supplemental Payments** – In December 2004, CIETC received a grant from Polk County in the amount of \$250,000. The grant was received as a result of a request made by CIETC to the Consortium members. **Appendix 6** includes a copy of the letter from CIETC to Polk County requesting \$250,000 to assist with maintaining the existing infrastructure of the Dislocated Worker System in Polk County. The letter also indicates CIETC had experienced "drastic" budget reductions. Polk County was the only member that provided additional funding to CIETC.

Polk County passed a resolution on December 14, 2004 authorizing the grant to CIETC. The \$250,000 grant was from Polk County's Economic Development Fund. The resolution and the grant agreement between CIETC and Polk County are included in **Appendix 7**. The agreement states the funds will be used "to train and offer employment support services to unemployed and underemployed persons in Central Iowa."

In addition to the \$250,000 grant, CIETC also had other funds available as a result of prior years' grants from Polk County. CIETC spent a total of \$273,113.60 from available Polk County funding. **Exhibit F** details how the funds from Polk County were spent. As illustrated by the **Exhibit**, a total of \$179,174.91 was provided to employees as compensation, with an additional \$31,920.45 spent on payroll taxes and fringe benefits. Also, \$33,137.50 was spent on audit and consulting fees. Of the \$179,174.91 paid to employees, \$117,368.07 was for supplemental payments, which represents 43% of the total spent in fiscal year 2005 with funds from Polk County. **Exhibit G** lists the employees receiving the compensation by title.

Since the letter requesting funding indicated a potential budget shortage and a need for additional funds to continue services, it does not appear appropriate a substantial portion of the funding was actually used to pay bonuses to CIETC employees. The grant funds were not used for the purposes identified in the grant agreement. In addition, in the 7 months prior to this request for additional funding, CIETC management authorized over \$310,000 of supplemental payments to its staff including the CEO and COO.

**Conclusion on Employee Compensation** – Based on the compensation packages we identified, we do not believe the compensation packages provided to CIETC's executive administrative staff during the period of our review were reasonable. The excessive base salary amounts and supplemental payments are not a proper use of federal, state and/or local funding and, as a result, are not in compliance with federal regulations established by OMB Circular A-87 or CIETC's Regional Grant Agreement with IWD. The excessive amounts of funding used to compensate CIETC executive administrative staff could have been used to increase the amount of program services provided.

When we reviewed the executive administrative staff employment agreements with CIETC Board members, 3 stated they felt the base salary levels and quarterly incentive payments established in the employment agreements were unreasonably high.

As previously stated, CIETC's policy manual allows supplemental wage payments, if funding is available. These payments are made in lieu of using a pay schedule that grants permanent pay grade increases because CIETC's funding may vary from year to year. Given that the CEO and COO have consistently received quarterly incentive payments (as well as semi-annual incentive payments), it appears that funds have been available for supplemental payments, but they have not been shared with all employees.

In addition, the amount of the supplemental payments made to the remainder of CIETC's staff deserves close scrutiny. While the amounts of supplemental pay are not as large as the payments made to executive administrative staff, they are in addition to the annual COLA increases. Supplemental payments, not supported by documentation of achieving specific performance standards, may be considered unreasonable and, as a result, not in compliance with Circular A-87.

**B. Payroll Allocation Methodology** – To determine which grant programs may have been impacted by the excessive compensation packages identified, we also examined the methodology used by CIETC to allocate salary and supplemental payment transactions among CIETC's funding sources. We also examined the allocation methodology to determine if administrative restrictions placed on certain federally funded programs were exceeded and complied with requirements established by Circular A-87.

**Exhibit H** shows how the CIETC executive administrative staff allocated their time for their salaries and supplemental payments from July 1, 2003 through December 15, 2005. **Table 10** summarizes the allocations among the primary grants received by CIETC.

**Table 10**

|           | Funding Source |      |             |       |              |       |             |      |             |      |
|-----------|----------------|------|-------------|-------|--------------|-------|-------------|------|-------------|------|
|           | WIA Admin      |      | WIA Program |       | Promise Jobs |       | Polk County |      | Other       |      |
|           | Base salary    | Sup. | Base salary | Sup.  | Base salary  | Sup.  | Base salary | Sup. | Base salary | Sup. |
| CEO: FY04 | 6.0%           | 5.7% | 67.2%       | 67.6% | 25.1%        | 21.2% | -%          | -%   | 1.7%        | 5.5% |
| FY05      | 5.2            | 3.7  | 45.7        | 34.3  | 36.9         | 39.3  | -           | 13.1 | 12.2        | 9.6  |
| FY06*     | 5.0            | 4.6  | 46.3        | 42.6  | 48.7         | 52.8  | -           | -    | -           | -    |
| COO: FY04 | 14.9           | 15.0 | -           | -     | 46.7         | 45.0  | -           | -    | 38.4        | 40.0 |
| FY05      | 13.6           | 10.4 | -           | -     | 58.7         | 58.9  | -           | 13.7 | 27.7        | 17.0 |
| FY06*     | 4.2            | 3.8  | -           | -     | 30.4         | 37.5  | -           | 10.7 | 65.4        | 48.0 |
| CA*: FY04 | 4.8            | 6.0  | -           | -     | 26.9         | 29.0  | -           | -    | 68.3        | 65.0 |
| FY05      | 6.5            | 3.0  | -           | -     | 52.7         | 53.5  | -           | 27.6 | 40.8        | 15.9 |
| FY06*     | 4.1            | 1.4  | -           | -     | 43.5         | 49.5  | -           | 34.5 | 52.4        | 14.6 |

\* - For the period July 1, 2005 through December 15, 2005.

# - CA refers to the Chief Accountant

As illustrated by the **Table**, the proportion allocated to the Promise Jobs grant for the CEO's base salary and supplemental payments increased significantly from fiscal year 2004 to 2006, as did the Chief Accountant's allocation. While the COO's allocation initially increased, it subsequently decreased. The **Table** also illustrates none of the payments to the executive administrative staff were allocated to the Administrative portion of the WIA grant in an amount exceeding 15%. While this is an unusually low allocation given the administrative nature of the executive administrative staff's time and because WIA is a major component of CIETC's operations, it can be explained because there is a limit on the amount of administrative expenditures that can be charged to the grant.

Time spent by each CIETC employee is allocated on a direct-cost basis, with the exception of Management Information System (MIS) employees. Bi-weekly timesheets are prepared and submitted by all employees.

In accordance with federal cost principles detailed in OMB Circular A-87, indirect costs are "those (a) incurred for a common or joint purpose benefiting more than 1 cost objective, and (b) not readily assignable to the cost objective without effort disproportionate to the results achieved."

We reviewed CIETC's organization chart, employment agreements, job descriptions, and related items provided by CIETC to determine the types of activities performed by administrative employees. Copies of the executive administrative staff's employment agreements have been included in **Appendices 3, 4 and 5**. Based on our review of these documents, it is apparent certain functions performed by CIETC's CEO, COO, Chief Accountant and other administrative employees would be appropriately classified as an indirect cost. As a result, these costs should be allocated on the basis of an indirect cost pool rather than directly charged to specific programs on individual timesheets.

We also obtained a sample of timesheets for administrative staff and identified several occasions where time had been allocated on the timesheets to budget line items for program services. The direct allocation methodology used by CIETC to allocate salary payments enables CIETC administrative staff to distribute salaries among selected programs and thereby override limits placed on administrative expenditures for certain funding sources and permit excessive administrative salary payments.

We also reviewed the process used by CIETC to allocate costs for paid leave taken by employees and supplemental payments to employees. Amounts paid to employees for holidays and other paid-time-off are allocated among grants based on the distribution of the employee's time on the timesheet in which the leave occurred. As a result, certain programs may be charged a disproportionate share of costs for paid leave. The distribution should be allocated based on an extended period, such as a quarter, rather than a single pay-period.

According to CIETC personnel we spoke with, supplemental payments to employees are also allocated on the basis of the employee's timesheet at the time of the payment. We selected 10 supplemental payment authorization letters authorizing a total of 88 payments to employees and obtained employee timesheets to determine if supplemental payments were allocated as explained to us. We determined 23 of 88 supplemental payment transactions tested were not allocated on the basis of the employee's timesheet for the period the payment was made. According to CIETC executives, the inconsistencies identified were a result of either (1) human error at CIETC in the calculation of the amount to be distributed to each program or (2) budget concerns for certain funding sources.

As with the allocation for paid time off, the allocation for any appropriate supplemental payments should be based on an extended period rather than a single pay-period. **Exhibit I** summarizes how the \$1,229,125.28 of supplemental payments made between July 1, 2003 and December 15, 2005 were allocated among the grants administered by CIETC. As illustrated by the **Exhibit**, nearly half of the supplemental payments were allocated to Promise Jobs. CIETC has the ability to override its established allocation process in order to make supplemental payments using funding sources that do not have an established limit for administrative expenses.

- C. Executive Benefits Package** – As with all other CIETC employees, the CEO and COO receive the amount of their annual base salary in life insurance benefits until age 65 while employed by CIETC. Given the excessive amount of the CEO and COO's salaries, premiums paid for insurance coverage of this amount would also be considered an unallowable use of federal funds.

The CEO's and COO's employment agreements also provide, in the event of the CEO's or COO's death during their term of employment, compensation due through the end of the month in which death occurred. According to OMB Circular A-87, "the cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable." However, the Circular does not allow for compensation for work not performed after the employees' death. Payment of such a benefit would be an unallowable use of federal funds. While CIETC has not incurred a cost of this nature, any such payment would require funding from a nongovernmental source.

The employment agreements also provide for paid leave in addition to the holidays and personal days included in CIETC's personnel policy. According to the agreements, "Because of the work requirements of the position," the CEO and COO receive an additional 2 days of personal time off each month with pay. As a result, the CEO and COO received 24 days in addition to the 36 days the CEO and 30 days the COO accrue each year, respectively.

The 60 days (3 months) per year of paid time off provided to the CEO and 54 days to the COO significantly exceeds the number of days provided to State employees. State employees with 25 or more years of service earn 25 vacation days per year and 18 days of sick leave. State employees use only 8-9 days of sick leave per year on average. The remaining portion of sick leave is not available for use as vacation.

- D. Disbursements** - Because of our concerns related to excessive compensation packages at CIETC, as well as the corresponding allocation methodology used to distribute such payments among funding sources, we reviewed a sample of other miscellaneous disbursements to determine whether payments were properly supported and allowable per federal and state regulations.

According to the regional grant agreement, to be allowable a cost must "(a) be necessary and reasonable for proper and efficient administration and (b) be allocable to a program under this Agreement and (c) not be a general expense required to carry out the overall responsibility of the entity receiving funds." In addition, all expenditures for a governmental entity must satisfy the requirement of public purpose. In addition, OMB Circular A-87 requires costs paid with federal funds must be necessary and reasonable for proper and efficient performance and administration of the federal program in order to be considered allowable.

During our review, we identified the following disbursements which do not meet allowability requirements.

- Cell phone expenses of \$10,961.57 during fiscal year 2005. CIETC provides cell phones to 10 employees at a cost of approximately \$915 per month. CIETC is reimbursed for the service by 1 employee. Monthly phone plans range from 350 to 2,000 minutes, not including the free nights and weekends. Only 3 of the 8 other providers we spoke with provide cell phones to the Director. Of those providers, 1 Director reimburses the agency for half the cost. We believe the amount paid by CIETC for cell phone benefits is unreasonable when compared with benefits provided by other regions or what is necessary to provide appropriate services by CIETC staff.



- Travel expenses of \$210.00. According to the CEO, the purpose of the trip was to meet with representatives of DOL and to attend congressional delegation. The intent of the trip appears to be of a lobbying nature.
- Flowers purchased for \$174.30. The flowers were for a ribbon cutting ceremony for the opening of CIETC's Harkin Learning Center, a sympathy bouquet for an unidentified individual and flowers for a CIETC employee.

**E. Budget** - We determined concerns have been raised on several occasions about CIETC's budget shortages. According to Board Minutes dated August 21, 2003, an employee was terminated because of budget shortages. The minutes also note the CEO was planning to evaluate the agency for ways to cut budget. In addition, according to the Iowa Workforce Investment Act Annual Report for program years 2003 and 2004 (fiscal years 2004 and 2005), lack of funding in Region 11 [the region in which CIETC operates] "continues to be a problem". Such a comment was not made for any other region.

We obtained a copy of the internal budget used by CIETC and completed a comparison of budgeted to actual expenditures for fiscal year 2005. According to the budget, CIETC planned to expend \$2,314,873 for wages. According to payroll records, actual supplemental and salary payments in fiscal year 2005 totaled \$2,953,585.14. As illustrated in **Table 11**, CIETC overexpended its established budget for wages by \$638,712.14, the approximate amount of actual supplemental payments to employees of \$648,848.41 in fiscal year 2005. Supplemental payments for fiscal year 2005 are summarized in **Exhibit B**.

| <b>Table 11</b>                              |                 |
|--|-----------------|
|  | <b>Amount</b>   |
| Actual Base Salary and Supplemental Payments | \$ 2,953,585.14 |
| Budgeted Wages                               | 2,314,873.00    |
| Variance                                     | \$ 638,712.14   |

## **II. IOWA WORKFORCE DEVELOPMENT**

### **A. Promise Jobs Grant Awarding and Budget Amendments**

**1. Contract with the Iowa Department of Human Services** - IWD provides administration of the Promise Jobs program through a contract with the Iowa Department of Human Services (DHS). IWD provides services on behalf of DHS to accept local plans for Family Self Sufficiency Grant (FFSG) funds, provide oversight of the grants and technical assistance to the grantees, and distribute the FSSG funding to Service Delivery Regions (regional fiscal agent providers, hereinafter referred to as "providers.")

According to the intergovernmental contract for the period of July 1, 2005 to June 30, 2006, IWD may receive up to \$13,604,530 for administration of the Promise Jobs program to be used in the following manner: \$500,000 for central administration, including program management, information systems, training and field monitoring, \$12,254,530 for field operations and service delivery and \$850,000 for Life Skills. Any un-obligated funds at the end of the fiscal year are to be returned to DHS.

IWD does not extend the limitation on administrative expenses to its regional providers.

**2. Regional Budgets** - Promise Jobs funds are allocated to regions based on the number of Family Investment Program (FIP) participants in the region compared to the total number of Family Investment Program participants statewide. The current year percentage allocated to each region is determined by computing the average of (1) the percentage of FIP

recipients in the region compared to the total statewide and (2) the percentage allocation for the previous fiscal year. The regional budget is then split in accordance with a mutually agreed upon budget between local IWD staff and regional providers. The regional provider budgets and expenditures for Promise Jobs for fiscal years 2004 and 2005 as well as budgets for fiscal year 2006 have been summarized in **Exhibit J**. As illustrated by the **Exhibit**, the budget for all regions totals approximately \$7.2 million each year.

According to statistics provided by IWD, Region 11 has served approximately 20% of the statewide FIP participants in each of the last 3 fiscal years including fiscal year 2006, making Region 11 the largest concentration of FIP recipients statewide. The total budget available to Region 11 during fiscal year 2005 was \$2,496,303, of which \$1,838,573, or 73.7%, was allocated to CIETC.

**3. Contract Amendments** - We examined the contract amendments for CIETC and 4 other regional providers and determined CIETC received more budget amendments than other provider. Between July 1, 2003 and December 15, 2005 there were 6 amendments made for CIETC that increased their funding by \$418,000.00; however, \$18,000.00 of the additional funding was for the fiscal year ended June 30, 2003. Of the 6 amendments, 1 moved \$43,414.00 from the Promise Jobs Life Skills program to Promise Jobs Basic program within CIETC. The date and amount of individual CIETC amendments are summarized in **Table 12**.

**Table 12**

| <b>CIETC Promise Jobs Amendments</b> |                       |                |
|--------------------------------------|-----------------------|----------------|
| <b>Effective Date</b>                | <b>Date Initiated</b> | <b>Amount</b>  |
| 07/01/03                             | 07/23/03              | \$ 18,000.00 * |
| 07/01/04                             | 06/04/04              | 75,000.00 **   |
| 07/01/04                             | 01/10/05              | 75,000.00      |
| 05/15/05                             | 05/16/05              | 43,414.00 ***  |
| 06/07/05                             | 06/07/05              | 50,000.00      |
| 07/01/04                             | 07/05/05              | 200,000.00     |

\* - Amount was used to increase the budget for fiscal year 2003.

\*\* - Not processed through the standard contract review process.

\*\*\* - Transfer from Promise Jobs Life Skills to Promise Jobs Basic. The budget in total remained unchanged.

Only 1 of the other regions reviewed received a single amendment for \$2,000.00 during the period July 1, 2003 through December 15, 2005. Because Promise Jobs funding levels are determined by the number of participants served by the individual regions, amendments to Promise Jobs funds are rare.

IWD was unable to provide sufficient documentation to support the basis for awarding CIETC additional funds for several of the amendments. We obtained e-mail communications suggesting the amendments dated January 10, 2005 and June 7, 2005 were at the request of the IWD Deputy Director. The e-mail communications have been included in **Appendix 8**.

According to the Deputy Director of IWD, CIETC was awarded several amendments because of personnel shortages with local IWD staff that left CIETC "to assume a big chunk of the processes" and therefore resulted in several services being shifted to CIETC. The Deputy Director stated there was no contract or agreement documenting the additional services performed by CIETC. We contacted the Manager of the Region 11 IWD office to confirm this explanation. According to the Manager, there have not been long term vacancies with local IWD staffing of Promise Jobs administration in Region 11. The Manager indicated there have been staff shortages at times, and CIETC has provided assistance to help with the

workload; however, local IWD staff has also provided assistance to CIETC as needed when similar situations arose with CIETC staffing levels.

**4. Un-obligated Funds** – Near the end of fiscal year 2005, the Lead Budget Analyst determined IWD was not going to exhaust the amount of Promise Jobs funding set aside for the Department's use in administering the program. It is not clear how CIETC officials learned of the existence of the unexpended funds. However, according to the Lead Budget Analyst, after communicating this information to the Deputy Director of IWD, he was instructed by her to provide \$200,000 of the remaining funds to CIETC. According to the Deputy Director of IWD, CIETC management informed IWD it could use funds to provide COLA increases to staff who had not previously received cost of living increases because they did not think they could afford it given the current Promise Jobs funding. Based on the information we have gathered, it appears the \$200,000 amendment amount was determined prior to the calculation of the unexpended funds.

According to the Lead Budget Analyst, he suggested each of the remaining regions should also be provided an opportunity to request some of the unused funding. On June 30, 2005, the last day of the fiscal year, an e-mail was sent from the Lead Budget Analyst to all regional providers provide them an opportunity to request a portion of the unused Promise Jobs funds. The e-mail stated, in part:

"we have some funds remaining in State Administration PJ basic and in PJ Life Skills, that could be used for any region that may go over-budget for the year ending today. HOWEVER, I have other costs that were allowable PJ expenditures that I could more appropriately reallocate and charge against the unobligated PJ funds. This is a ONE DAY OFFER. If you believe that you were going to go over-budget, YOU NEED TO CONTACT ME THIS MORNING... Again, this is a ONE DAY OFFER."

The e-mail did not specifically state the funds could be used for employee pay increases or bonuses. A copy of the e-mail has been included in **Appendix 8**. Several of the regions we spoke with indicated this was the first time IWD had offered additional funds. They also indicated receiving the e-mail on June 30 did not provide them time to adequately respond.

IWD received responses from 3 regions that were subsequently provided with additional funds. CIETC did not respond to the e-mail. The amount received by each region has been summarized in **Table 13**. As illustrated by the **Table**, CIETC received a significantly larger award than any of the other regions. The 3 other regions used the additional funds for program costs already incurred.

**Table 13**

| <b>Provider</b>                      | <b>Amount Received</b> |
|--------------------------------------|------------------------|
| CIETC                                | \$ 200,000.00          |
| Iowa Central Community College       | 13,000.00              |
| Upper Explorerland Regional Planning | 10,000.00              |
| Region XII Council of Governments    | 2,000.00               |
| Total                                | <u>\$ 225,000.00</u>   |

We were unable to verify the content of discussions, both internally within IWD and between IWD and CIETC, leading up to the decision to provide CIETC with \$200,000 to fund salary increases.

As previously noted, funds remaining at the end of the fiscal year are to be returned to DHS. According to the IWD Deputy Director, there is no mechanism to roll funds over to the next fiscal year and she stated "Right or wrong, in retrospect, we didn't want to return the funds" to DHS.

During our discussion with the Deputy Director, we also asked whose decision it was to give CIETC the \$200,000. She initially did not directly answer the question. She eventually stated it was a "joint decision" but still pointed toward the Lead Budget Analyst's role. She stated he delivered the \$200,000 check to CIETC and he knew it would be used for salaries. During our subsequent conversation with the Lead Budget Analyst, he stated he had no role in that decision.

We contacted a representative of DHS to determine whether concerns existed with IWD spending down the remaining funds. We were informed by the representative that DHS would not have an issue with the practice if the dollars could be used and were spent in an allowable manner.

**B. Monitoring** - IWD is responsible for financial and program compliance monitoring of providers receiving funds directly from or passed through IWD. On-site financial compliance reviews are completed annually for all programs administered through a written agreement between IWD and the providers. In recent years, IWD has completed a semi-annual financial compliance monitoring review for all regional providers, typically performing an on-site visit once in the fall and again in the spring.

After the review has been performed, an initial determination letter is provided to each provider reviewed. The letter includes:

- a description of findings
- recommended and required corrective action
- a description of any questioned costs
- time frames for:
  - completing any corrective action
  - responding to the initial report

Providers must supply IWD with written responses for each comment within 20 days from the issuance of the initial determination letter. Within 20 days from receipt of the provider's responses, IWD issues a final determination letter stating:

- IWD's determination on all findings which required a response
- notification of the right to appeal
- If any finding is unresolved or if costs are disallowed, the letter will also include a description of the unresolved findings, a citation to the applicable regulation or policy on which the finding was based.
  - Subsequently, the final determination of IWD on each unresolved finding is communicated to the provider.
  - If there are disallowed costs, the amount of costs disallowed will be communicated and notification made that a demand letter will be sent.
  - Copies of the final determination letter are provided to each Region's RWIB, CEO Board, and CSP Chairs.

IWD also follows-up on findings during the subsequent monitoring visit and reviews corrective action required in response to findings.

A provider may appeal the final determination made by IWD if in disagreement with the conclusions. Appeals are reviewed by a 3 member committee comprised of 1 member each from the Bureau for Budgeting and Reporting, Service Delivery Bureau and Enterprise Development Team. Staff involved in the on-site monitoring that resulted in the original finding and subsequent final determination may not have involvement in the appeal process.

We obtained monitoring review records from IWD for financial compliance on-site visits performed during the fall of fiscal year 2003 through the spring of fiscal year 2005 for

CIETC and providers for 4 other regional areas, for a total of 6 monitoring visits for each region selected. In addition, we obtained the fall fiscal year 2006 monitoring report for CIETC.

We reviewed the monitoring reports to determine the providers' compliance with IWD's monitoring standards. The total number of findings and comments reported in the monitoring reviews has been summarized in **Table 14**. As illustrated in the **Table**, the number of findings and comments reported for CIETC exceeds the number reported for other providers. Because of the irregularity, we expanded our review to include the spring fiscal year 2005 monitoring reports for 3 other regions monitored by same IWD Budget Analyst as CIETC. The number of findings and comments for the additional regions was consistent with monitoring reports issued by other budget analysts.

**Table 14**

|                                      | <b>Total Number of Findings and Comments</b> | <b>Average per Report*</b> |
|--------------------------------------|--|----------------------------|
| CIETC                                | 44   | 7                          |
| Kirkwood Community College           | 16   | 3                          |
| Upper Explorerland Regional Planning | 14   | 2                          |
| Hawkeye Community College**          | 9  | 2                          |
| Eastern Iowa Community College       | 3  | 1                          |

\* - Determined by dividing total number of findings and comments by number of reports reviewed.

\*\* - The fall FY03 monitoring report was not obtained. Total findings and comments are based on review of monitoring reports from spring FY03 to spring FY05.

According to the Lead Budget Analyst, he instructed the IWD monitors to ensure their fall monitoring visits specifically included the additional funds provided to the 4 regions on June 30, 2005 to determine if they were used for allowable purposes. He also stated he was particularly concerned about funds given to CIETC because past investigations of CIETC caused him to question how the additional funds might have been used. According to the Lead Budget Analyst, CIETC's CEO had also made several inquiries to the Deputy Director after July 1 as to the scope of the fall monitoring visit. When the Deputy Director told the Lead Budget Analyst of 1 of these phone calls, the Deputy Director reminded the Lead Budget Analyst that "CIETC had done us a favor and that [CIETC] did not demand any additional funds."

While performing the monitoring visit, the Budget Analyst discovered a majority of the additional \$200,000 Promise Jobs funding awarded to CIETC at June 30, 2005 had been used to make supplemental salary payments rather than the COLA increases as CIETC had originally indicated.

The IWD Budget Analyst requested CIETC timesheets for the pay period including June 30, 2005 to determine whether the supplemental payments were allocated on the basis of employee time recorded to Promise Jobs. While reviewing the timesheet allocation, concerns were identified regarding the time distribution of administrative staff to grant programs, specifically the amount of time charged to Promise Jobs [which does not have a limit on administrative costs], and a comment was written in the monitoring report. CIETC was requested to provide an explanation of the basis used to determine the allocation of non-program staff to grant programs. The response received from CIETC is included in the final determination letter included in **Appendices 9 and 10**. The response explained why the "size of a program is not always the determining factor on the amount of time required to manage it."

The explanation provided was not accepted by IWD in the final determination letter dated December 19, 2005, citing that both WIA and Promise Jobs programs have been long standing and with similar levels of funding. The final determination letter also noted that CIETC may be subject to questioned costs if the managerial allocations between programs varied significantly without proper justification, pending a statewide review of management time allocations for all other regional providers.

The final determination reached by IWD sparked a chain of e-mail communications between IWD and CIETC and eventually resulted in modification to IWD's final determination. A copy of the e-mail communication has been provided as **Appendix 11**. The initial final determination was amended and a revised monitoring report, dated January 7, 2006, included a comment that the time allocations of CIETC managerial staff would not result in any questioned or disallowed costs for the current state fiscal year. Copies of both the original and amended final determinations have been included as **Appendices 9 and 10**.

Around the time of the modification to the original CIETC final monitoring determination, IWD upper-management staff began to review all of the monitoring reports prior to issuance. During discussions with the Deputy Director and the Division Administrator of the Administrative Services Division we were told the additional review of monitoring reports occurred so the Division Administrator could better understand "what was going on" and the timing was coincidental with issuance of the CIETC monitoring report. The Division Administrator also stated he previously reviewed some of the reports. There was no documentation to support his review. We confirmed with the Lead Budget Analyst that the Division Administrator had begun reviewing reports. However, he also stated the Division Administrator had not previously asked for copies of any monitoring reports for his review.

We believe this monitoring process change has compromised the appeal process available to regional providers not in agreement with IWD's final determination, as the Division Administrator of IWD may at times have involvement in the approval or denial of provider appeals. Further, this process is in violation of established IWD procedures that state IWD staff involved in the on-site monitoring and final determination may not be involved in the appeal process.

**C. Subgrantee Reporting** – IWD also requires periodic financial reports from each of the providers. We identified the following concerns with the reporting process.

**1. Annual Grants** – IWD does not require or receive any detailed financial information when annual grant agreements are established with the providers in each region. In order to properly monitor the programs for which funds are provided, IWD should identify how each provider plans to spend funds granted to them. At a minimum, budgets that identify specific administrative and program costs should be established and provided to IWD. These costs would include salaries, travel, rent, utilities and equipment.

If this level of information was provided, IWD would be able to better monitor the use of funds awarded and ensure a disproportionate share of expenses are not incurred in the administrative area.

**2. Unsupported FSR's** - Monthly financial status reports (FSRs) are completed and electronically submitted by regional providers for all funding sources passed through from IWD. FSRs provide IWD with a summary of program expenditures and the related provider draw-downs. FSRs are due to the IWD Budget and Reporting department by the 20th of the following month.

IWD does not require regional providers to submit documentation to support expenditures as reported on the FSRs for any of the funding sources. According to a discussion with the Lead Budget Analyst, supporting documentation has historically not been required because a sample of FSRs are traced into the provider's general ledger during semi-annual financial compliance monitoring visits.

In addition, IWD does not require providers to separate administrative-type from program-type expenditures for the Promise Jobs program because an administrative restriction is not placed on regional providers for administration of Promise Jobs.

According to the intergovernmental agreement between DHS and IWD for Promise Jobs administration, "invoices shall be submitted to the Department [DHS] with appropriate documentation as necessary to support all charges." The agreement later states "The Department [DHS] acknowledges that the Contractor [IWD] may contract with third parties for the performance of any of the Contractor's obligations.....All restrictions, obligations and responsibilities of the Contractor under this Contract shall also apply to the subcontractors...."

IWD should require regional providers to adequately document expenditures charged against grants passed from IWD.

In addition, given that DHS has placed an administrative limit on Promise Jobs administrative costs at the IWD level, we would expect IWD to pass that requirement to the regional providers. We contacted a representative of the Department of Health and Human Services' Office of Inspector General, who agreed that such a requirement would be reasonable and within the power of IWD.

- D. CIETC as a Fiscal Agent** - According to DOL's website, the Disability Navigator program was established jointly by DOL and the Social Security Administration in September 2002 to provide individuals with disabilities services that impact their ability to gain, return to or retain employment. DOL awarded grants to 14 states in June 2003, including the State of Iowa. According to the Deputy Director of IWD, the Disability Navigator program was initially thought to be a short-term program with limited funding resources. Because of the possibility for discontinuation of the Disability Navigator program, IWD contracted individuals through Merit Resources to carry out the program functions.

Because individuals cannot be contracted through Merit Resources for longer than an 18 month period and the funding for the program was extended through June 30, 2007, IWD officials made arrangements in early 2005 to employ the individuals through a Fiscal Agent arrangement with CIETC. According to the Deputy Director, this arrangement provided consistent payroll and benefit packages for the individual employees. IWD agreed to purchase Navigator services from CIETC by sub-granting funds received from DOL to CIETC. On March 28, 2005, 12 Navigator employees were added to CIETC's payroll. CIETC received \$169,292.51 from IWD during the fiscal year ended June 30, 2005 to provide salaries and benefits to these employees. The use of the \$169,292.51 has been summarized in **Table 15**.

| Table 15          |                |            |            |
|-------------------|----------------|------------|------------|
| Description       | Administrative | Program    | Total      |
| Employee Salaries | \$ 13,555.15   | 124,463.68 | 138,018.83 |
| Fringe Benefits   | 2,399.52       | 28,846.96  | 31,246.48  |
| Travel            | -              | 27.20      | 27.20      |
| Total             | \$ 15,954.67   | 153,337.84 | 169,292.51 |

For the period of July 1, 2005 through June 30, 2006, IWD awarded CIETC \$791,093.00 of federal funding to administer the Disability Navigator program. According to CIETC payroll records, as of December 15, 2005, CIETC employed 14 Navigator employees with annual salaries ranging from \$34,403 to \$40,019.

IWD has also engaged CIETC to provide services as the Fiscal Agent for the New Iowan and Unemployment Insurance (UI) Tax Redesign projects. According to information available on IWD's website, IWD established New Iowan Centers to offer workforce development services to persons who have recently moved to Iowa and are seeking employment. New Iowan Centers are funded by an appropriation by the State legislature and include a mixture of state and federal resources. The budget available to CIETC for the period of July 1, 2005 to June 30, 2006 is \$427,397. The UI Tax Redesign project has been implemented to modernize the Unemployment Insurance automated tax system by allowing employers to complete and transmit forms, such as quarterly reports, via the Internet. The project is funded by federal Reed Act dollars. The budget available to CIETC for the period of July 1, 2005 to June 30, 2006 is \$571,754.

On October 10, 2005, CIETC hired a Project Director for the UI Tax Redesign Project at a salary of \$108,000. CIETC also hired a Systems Analyst at a salary of \$85,000. According to CIETC payroll records, as of December 15, 2005, CIETC employed 7 New Iowan Employees and 2 UI Tax Redesign employees.

According to the Deputy Director of IWD and CIETC executive staff, Fiscal Agent status employees receive CIETC's employee benefit package. CIETC refers to these employees as contract employees even though they are CIETC employees. We reviewed the benefits provided to CIETC employees and identified the following inconsistencies between permanent CIETC employees and employees hired as a result of Fiscal Agent agreements with IWD for the Navigator, New Iowan and UI Tax Redesign programs.

Supplemental Wages and Incentives and COLA Adjustments - Individuals employed as a result of Fiscal Agent agreements between IWD and CIETC were not eligible to participate in the Supplemental Wage and Incentive Program or to receive the annual COLA adjustment provided to other CIETC employees.

Evaluation of Employee Performance - According to the Fiscal Agent agreements, employee performance is monitored jointly through semi-annual meetings between CIETC and IWD. However, through discussions with CIETC personnel and IWD officials, we have determined IWD staff ultimately provide final oversight of employee performance and determine the annual salary level and pay increases.

During a discussion with the Deputy Director of IWD we asked why other regional providers were not asked given the opportunity to participate in the administration of the Disability Navigator program. We were told CIETC was named as the Fiscal Agent to "bring consistency to payroll and benefits."

According to the Deputy Director of IWD, as a result of employing CIETC as the Fiscal Agent, IWD is able to obtain Navigator, New Iowan and UI Tax Redesign services without proceeding through the "arduous process for creating new positions." In addition, in the event of program funding cuts, the Director added it would make the process of employee termination easier.



**Conclusion Regarding Actions Taken by IWD Officials** – Based on our review of the actions taken by IWD officials, it appears there is a relationship between IWD officials and CIETC executive staff members that causes us to question whether the transactions between the parties are conducted at “arm’s length.” Specifically, during the course of our review, we identified the following concerns.

- IWD management officials became involved in the resolution of CIETC’s monitoring visit during the fall of 2005. During this visit, specific concerns were identified that drew into question the use of federal funds. However, these concerns were not adequately addressed in the final report because of actions taken by IWD officials. In addition, the initial report included a statement that “Based upon the findings of this review, Grantees may be subject to disallowed costs.” Based on the severity of the findings, this is an appropriate conclusion. However, the final report stated the findings “will not result in any questioned or disallowed costs.”
- CIETC has had a significantly higher number of findings in its semi-annual monitoring reports than other providers. IWD officials have not put any “outcomes” in place as a result of the findings. It is our expectation providers with chronic findings would receive sanctions of some nature, would be monitored more frequently or would be counseled in some other manner to improve their performance. However, none of these actions have taken place. Not only is CIETC allowed to continue operating in the same manner, IWD has provided periodic budget amendments (additional funding) to the entity.
- The existence of the budget amendments, reports of phone calls and communications between IWD officials and CIETC staff and e-mail messages we reviewed all contributed to the appearance of relationship between the IWD Deputy Director and CIETC executive staff.
- CIETC has been given the opportunity by IWD officials to provide additional fiscal agent services to IWD. This opportunity also allows CIETC to obtain additional administrative funding.

**E. Cost per Participant** - We asked IWD to provide us with cost per participant data on a regional basis for the Workforce Investment Act and Promise Jobs programs. IWD was unable to provide us with such data, nor was IWD able to provide us with reliable statistics on which to perform the calculation. As a result, IWD is unable to properly monitor the providers’ performance to ensure services are being provided in a cost-effective manner.

**Promise Jobs** - According to the Division Administrator for the Workforce Center Administration, the mechanism used by IWD to track Promise Jobs participants served is designed for statewide tracking with some ability to track on a regional basis. IWD was able to provide us with an average monthly caseload of participants served by region. However, IWD was unable to provide an accurate split detailing which participants were served by the regional provider and those that were served by local IWD staff.

Our cost per participant analysis has been included as **Exhibit K**. As illustrated in the **Exhibit**, in fiscal year 2004, CIETC had the third-highest cost per participant and in fiscal year 2005, they had the highest cost per participant. CIETC’s cost-per-participant was \$986.43 for fiscal year 2005, which is higher than the cost at smaller regions. The provider with the next highest cost per participant in fiscal year 2005 served only 264 participants. We would expect a larger region to have a lower cost per participant because they would have a larger base of participants over which to spread administrative and other overhead costs. **Table 16** summarizes the 2 providers with the highest and lowest costs per participant for the fiscal year 2005.

Table 16

| Provider        | Average<br>Number of<br>Participants | Total<br>Expenditures | Cost per<br>Participant |
|-----------------|--------------------------------------|-----------------------|-------------------------|
| <u>Highest:</u> |                                      |                       |                         |
| Region 11       | 2,837                                | \$ 2,798,499.00       | \$ 986.43               |
| Region 14       | 264                                  | 240,238.94            | 910.00                  |
| <u>Lowest:</u>  |                                      |                       |                         |
| Region 4        | 163                                  | 97,501.00             | 598.17                  |
| Region 1        | 1,009                                | 670,477.35            | 664.50                  |

IWD should obtain participant data at the provider level and calculate a cost per participant for all providers in order to determine whether cost effective providers are chosen to administer program services.

**Workforce Investment Act** - We obtained WIA participant served data from the State of Iowa WIA Annual Report. Because WIA participants are served by only the regional provider, we did not encounter the same difficulties identified for Promise Jobs. However, IWD representatives provided data to us that conflicted with what was reported in the State of Iowa WIA Annual Report. We were instructed by the Division Administrator of the Administrative Services Division to use the data as reported in the WIA Annual Report.

Our cost per participant analysis has been included as **Exhibit L**. Our calculation was based on (1) total participants for Adult, Youth and Dislocated Worker programs and (2) total Adult, Youth, Dislocated Worker and Admin draw-downs. As illustrated in the **Exhibit**, in fiscal year 2004, CIETC had the highest cost per participant and in fiscal year 2005, they had the second-highest cost per participant. CIETC's cost per participant was \$5,188.32 for fiscal year 2005, which is higher than the cost at smaller regions. The provider with the highest cost per participant in fiscal year 2005 served only 110 participants. We would expect a larger region to have a lower cost per participant because they would have a larger base of participants over which to spread administrative and other overhead costs. **Table 17** summarizes the 2 providers with the highest and lowest costs per participant for the fiscal year 2005.

Table 17

| Provider        | Average<br>Number of<br>Participants | Total<br>Expenditures | Cost per<br>Participant |
|-----------------|--------------------------------------|-----------------------|-------------------------|
| <u>Highest:</u> |                                      |                       |                         |
| Region 14       | 110                                  | \$ 669,815.43         | \$ 6,089.23             |
| Region 11       | 263                                  | 1,364,529.25          | 5,188.32                |
| <u>Lowest:</u>  |                                      |                       |                         |
| Region 4        | 516                                  | 823,300.93            | 1,595.54                |
| Region 1        | 100                                  | 180,112.21            | 1,801.12                |

IWD should obtain reliable data and calculate a cost per participant for all providers in order to determine whether cost effective providers are chosen to administer program services.

- F. Leases** - We obtained and reviewed lease agreements and other supporting documentation for the sub-lease of office space from IWD to other agencies.

In order to determine whether IWD was charging a fair and equitable rent to all sub-lessees, we reviewed the lease agreement between IWD and Nelson Development, the owner of the Workforce Development building located at 430 East Grand Avenue in Des Moines, Iowa.

According to the 10 year lease agreement in effect from July 1, 2004 to June 30, 2014, IWD will pay to Nelson Development a rent of \$14.50 per square foot or \$725,000 annually to occupy the 50,000 square foot building, which will increase to \$15.50 per square foot or \$775,000 annually for the period of July 1, 2009 to June 30, 2014.

The lease agreement states that the annual rent for the period of July 1, 2009 to June 30, 2014 of \$775,000 equates to equal monthly installments of \$65,583.34, as shown in **Table 18**. We recalculated the monthly payment to be \$64,583.33. As illustrated in the **Table**, if IWD makes payments based on the stated monthly amount in the lease agreement, we calculate a potential overpayment to Nelson Development in the amount of \$60,000.40.

| Table 18   |                              |                       |           |
|--|------------------------------|-----------------------|-----------|
| Description  | According to Lease Agreement | Auditor Recalculation | Variance  |
| Annual payment based on \$15.50 per square foot * 50,000 square feet | \$ 775,000.00                | 775,000.00            | -         |
| Monthly payment  | 65,583.34                    | 64,583.33             | 1,000.01  |
| Multiplied by 12 months  | 787,000.78                   | 775,000.00            | 12,000.08 |
| Multiplied by 5 years  | \$ 3,935,000.40              | 3,875,000.00          | 60,000.40 |

IWD has entered into sublease arrangements with 5 entities, as illustrated in **Table 19**. Rent payments are charged to sub-lessees at the same rate IWD pays to Nelson Development.

| Table 19                                  |                      |  |                   |
|---|----------------------|--|-------------------|
| Entity                                    | Square Feet of Space | Amount of Current Monthly Rent Payment | Date of Agreement |
| CIETC                                     | 10,345               | \$12,500.21                            | 02/15/05          |
| Des Moines Area Community College (DMACC) | 1,288                | ^                                      | ^                 |
| Dynamic Educational Services              | 956                  | 1,155.17                               | 03/14/05          |
| Iowa Vocational Rehab                     | 124                  | 149.83                                 | 05/06/05          |
| CIETC-American Indian Council             | 120                  | 145.00                                 | 04/29/05          |

^ IWD does not have a documented lease agreement with DMACC.

A finding identified in the federal monitoring review of CIETC in December 2004 was the absence of a formal and written lease agreement with IWD. IWD did not immediately establish lease agreements with sub-lessees nor did IWD promptly collect rent payments.

Agencies began to reside in the office space beginning in July 2004. However, IWD did not collect its first rent payment until January 2005. We reviewed cash receipt documents and determined IWD collected catch-up payments for the period in question. As of January 2006 all sub-lease rent payments were current.

IWD does not have a documented lease agreement with DMACC. According to the Deputy Director, IWD provides space to DMACC "in exchange for students coming into the Workforce Development Center."

IWD has also provided furniture to CIETC and CIETC American Indian Council for use in the leased office space for an additional monthly rent in the amount of \$995.14 and \$17.11, respectively. According to a representative of IWD, IWD retains ownership of the furniture. CIETC is the only service provider with whom IWD has established an arrangement of this type.

## Exhibits

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

CIETC Financial Statements for the Fiscal Years Ended June 30, 2004 and 2005  
For the period July 1, 2004 through December 15, 2005

|  | Fiscal Year 2004 |                                |                 |                             |   |
|--|------------------|--------------------------------|-----------------|-----------------------------|---|
|  | General          | Workforce<br>Investment<br>Act | Promise<br>Jobs | H1-B<br>Technical<br>Grants | Demonstrations<br>Polits, and<br>Project Grants |
| Revenues:                                    |                  |                                |                 |                             |   |
| Federal governmental grants                  | \$ -             | 1,214,269                      | 1,576,527       | 1,130,684                   | 991,089   |
| State governmental grants                    | -                | -                              | -               | -                           | -   |
| Local governmental grants                    | 14,752           | -                              | -               | -                           | -   |
| Other program revenue                        | 30,942           | 271                            | 1,316           | -                           | -   |
| Private Grants                               | 35,000           | -                              | -               | -                           | -   |
| Total revenue                                | 80,694           | 1,214,540                      | 1,577,843       | 1,130,684                   | 991,089   |
| Expenditures:                                |                  |                                |                 |                             |   |
| Administrative                               | 36,467           | 114,964                        | 425,836         | 91,262                      | 112,889   |
| Training                                     | -                | 1,082,646                      | 848,132         | 1,039,422                   | 849,046   |
| Support                                      | -                | 16,659                         | 228,591         | -                           | -   |
| Other programs                               | 108,614          | -                              | 73,968          | -                           | 29,154  |
| Total expenditures                           | 145,081          | 1,214,269                      | 1,576,527       | 1,130,684                   | 991,089   |
| Excess revenues over (under)<br>expenditures | (64,387)         | 271                            | 1,316           | -                           | -   |
| Fund balances beginning of year              | 222,873          | -                              | -               | -                           | -   |
| Fund balances end of year                    | \$158,486        | 271                            | 1,316           | -                           | -   |

Source: CIETC's annual audit reports

| Fiscal Year 2005 |           |          |                                |                 |           |           |
|------------------|-----------|----------|--------------------------------|-----------------|-----------|-----------|
| Nonmajor         | Total     | General  | Workforce<br>Investment<br>Act | Promise<br>Jobs | Nonmajor  | Total     |
| 502,717          | 5,415,286 | -        | 1,364,529                      | 1,838,573       | 1,111,131 | 4,314,233 |
| 148,526          | 148,526   | -        | -                              | -               | 292,265   | 292,265   |
| -                | 14,752    | 250,000  | -                              | -               | -         | 250,000   |
| -                | 32,529    | 26,143   | -                              | -               | 43,615    | 69,758    |
| -                | 35,000    | -        | -                              | -               | -         | -         |
| 651,243          | 5,646,093 | 276,143  | 1,364,529                      | 1,838,573       | 1,447,011 | 4,926,256 |
| 56,866           | 838,284   | 37,145   | 143,702                        | 613,681         | 163,646   | 958,174   |
| 467,365          | 4,286,611 | -        | 1,187,653                      | 974,646         | 1,218,009 | 3,380,308 |
| 124,251          | 369,501   | -        | 33,174                         | 215,529         | 8,605     | 257,308   |
| -                | 211,736   | 295,242  | -                              | 35,462          | 53,954    | 384,658   |
| 648,482          | 5,706,132 | 332,387  | 1,364,529                      | 1,839,318       | 1,444,214 | 4,980,448 |
| 2,761            | (60,039)  | (56,244) | -                              | (745)           | 2,797     | (54,192)  |
| -                | 222,873   | 158,486  | 271                            | 1,316           | 2,761     | 162,834   |
| 2,761            | 162,834   | 102,242  | 271                            | 571             | 5,558     | 108,642   |

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Employee Compensation  
For the period July 1, 2004 through December 15, 2005

| Employee Title                | 12 months ended 06/30/04 |              |            | 12 months ended 06/30/05 |              |            |
|-------------------------------|--------------------------|--------------|------------|--------------------------|--------------|------------|
|                               | Salary                   | Supplemental | Total      | Salary                   | Supplemental | Total      |
| Chief Executive Officer       | \$ 108,748.85            | 145,306.45   | 254,055.30 | 155,811.27               | 212,425.00   | 368,236.27 |
| Chief Operating Officer       | 102,931.57               | 138,561.90   | 241,493.47 | 152,923.21               | 207,087.00   | 360,010.21 |
| Chief Accountant              | 89,137.02                | 25,741.00    | 114,878.02 | 92,924.46                | 36,243.60    | 129,168.06 |
| Program Manager               | 77,911.70                | 3,266.00     | 81,177.70  | 83,001.62                | -            | 83,001.62  |
| IT Manager                    | 74,322.21                | 5,033.00     | 79,355.21  | 77,178.02                | 13,128.61    | 90,306.63  |
| Learning Resource Coord.      | 26,163.20                | 2,000.00     | 28,163.20  | 66,148.79                | -            | 66,148.79  |
| CV Center Coord.              | 50,073.60                | 2,034.00     | 52,107.60  | 62,796.00                | 2,285.38     | 65,081.38  |
| Employment Specialist         | 54,961.02                | 8,490.00     | 63,451.02  | 59,497.60                | 2,382.02     | 61,879.62  |
| Employment Specialist         | 49,492.80                | 4,595.96     | 54,088.76  | 57,184.00                | 24,783.47    | 81,967.47  |
| Employment Specialist         | 51,824.03                | 2,182.00     | 54,006.03  | 55,977.92                | 5,595.00     | 61,572.92  |
| Employment Specialist         | 48,459.54                | 4,605.04     | 53,064.58  | 57,288.00                | 24,808.63    | 82,096.63  |
| Dislocated Worked Unit Coord. | 49,312.59                | 2,046.00     | 51,358.59  | 52,509.32                | 1,051.23     | 53,560.55  |
| Job Developer                 | 50,367.00                | 2,000.00     | 52,367.00  | 52,176.01                | 10,000.00    | 62,176.01  |
| Employment Specialist         | 44,756.53                | 1,934.00     | 46,690.53  | 49,680.00                | 20,448.31    | 70,128.31  |
| LBP Specialist                | 45,416.76                | 1,926.00     | 47,342.76  | 49,492.80                | 8,431.00     | 57,923.80  |
| Administrative Assistant      | 37,847.12                | 5,773.00     | 43,620.12  | 45,000.06                | 14,009.64    | 59,009.70  |
| Employment Specialist         | 40,593.56                | 3,035.52     | 43,629.08  | 44,708.80                | 8,609.23     | 53,318.03  |
| Employment Specialist         | 37,428.59                | 1,720.00     | 39,148.59  | 43,242.22                | -            | 43,242.22  |
| Employment Specialist         | 33,970.00                | 1,788.00     | 35,758.00  | 41,499.72                | 5,214.00     | 46,713.72  |
| Employment Specialist         | 15,743.09                | 3,080.00     | 18,823.09  | 41,864.99                | 1,684.29     | 43,549.28  |
| Disability Navigator          | 26,847.80                | 760.00       | 27,607.80  | 14,800.92                | -            | 14,800.92  |
| Employment Specialist         | 35,689.83                | 1,921.00     | 37,610.83  | 39,736.54                | 3,979.00     | 43,715.54  |
| Disability Navigator          | -                        | -            | -          | 8,955.20                 | -            | 8,955.20   |
| Disability Navigator          | -                        | -            | -          | 8,955.20                 | -            | 8,955.20   |
| Employment Specialist         | 30,454.44                | 1,277.00     | 31,731.44  | 36,320.01                | 3,330.00     | 39,650.01  |
| Employment Specialist         | 33,573.09                | 1,452.00     | 35,025.09  | 37,657.72                | 5,656.00     | 43,313.72  |
| Learning Center Instructor    | -                        | -            | -          | 8,034.40                 | -            | 8,034.40   |
| Intake Specialist             | 1,107.20                 | -            | 1,107.20   | 37,304.00                | -            | 37,304.00  |
| Employment Specialist         | 33,845.39                | 1,406.00     | 35,251.39  | 36,492.82                | -            | 36,492.82  |
| Employment Specialist         | 33,624.18                | 1,400.00     | 35,024.18  | 36,368.02                | -            | 36,368.02  |
| Employment Specialist         | 31,657.04                | 2,378.00     | 34,035.04  | 35,785.71                | 3,583.00     | 39,368.71  |
| Employment Specialist         | 32,441.88                | 1,370.00     | 33,811.88  | 35,569.07                | 3,563.00     | 39,132.07  |



| 5 1/2 months ended 12/15/05 |              |            | Total      |              |            |
|-----------------------------|--------------|------------|------------|--------------|------------|
| Salary                      | Supplemental | Total      | Salary     | Supplemental | Total      |
| 85,923.21                   | 87,170.00    | 173,093.21 | 350,483.33 | 444,901.45   | 795,384.78 |
| 84,487.99                   | 81,584.00    | 166,071.99 | 340,342.77 | 427,232.90   | 767,575.67 |
| 43,466.47                   | 4,714.00     | 48,180.47  | 225,527.95 | 66,698.60    | 292,226.55 |
| 38,887.23                   | -            | 38,887.23  | 199,800.55 | 3,266.00     | 203,066.55 |
| 36,199.83                   | -            | 36,199.83  | 187,700.06 | 18,161.61    | 205,861.67 |
| 31,197.62                   | -            | 31,197.62  | 123,509.61 | 2,000.00     | 125,509.61 |
| 31,140.01                   | -            | 31,140.01  | 144,009.61 | 4,319.38     | 148,328.99 |
| 28,039.20                   | -            | 28,039.20  | 142,497.82 | 10,872.02    | 153,369.84 |
| 27,060.00                   | -            | 27,060.00  | 133,736.80 | 29,379.43    | 163,116.23 |
| 26,378.40                   | -            | 26,378.40  | 134,180.35 | 7,777.00     | 141,957.35 |
| 25,976.40                   | -            | 25,976.40  | 131,723.94 | 29,413.67    | 161,137.61 |
| 24,813.69                   | -            | 24,813.69  | 126,635.60 | 3,097.23     | 129,732.83 |
| 24,660.00                   | -            | 24,660.00  | 127,203.01 | 12,000.00    | 139,203.01 |
| 23,508.00                   | -            | 23,508.00  | 117,944.53 | 22,382.31    | 140,326.84 |
| 23,421.60                   | -            | 23,421.60  | 118,331.16 | 10,357.00    | 128,688.16 |
| 21,348.03                   | -            | 21,348.03  | 104,195.21 | 19,782.64    | 123,977.85 |
| 21,213.62                   | -            | 21,213.62  | 106,515.98 | 11,644.75    | 118,160.73 |
| 21,015.22                   | -            | 21,015.22  | 101,686.03 | 1,720.00     | 103,406.03 |
| 20,003.98                   | -            | 20,003.98  | 95,473.70  | 7,002.00     | 102,475.70 |
| 19,874.00                   | -            | 19,874.00  | 77,482.08  | 4,764.29     | 82,246.37  |
| 19,084.80                   | -            | 19,084.80  | 60,733.52  | 760.00       | 61,493.52  |
| 18,919.25                   | 3,000.00     | 21,919.25  | 94,345.62  | 8,900.00     | 103,245.62 |
| 18,470.40                   | -            | 18,470.40  | 27,425.60  | -            | 27,425.60  |
| 18,470.40                   | -            | 18,470.40  | 27,425.60  | -            | 27,425.60  |
| 18,228.00                   | -            | 18,228.00  | 85,002.45  | 4,607.00     | 89,609.45  |
| 17,959.20                   | -            | 17,959.20  | 89,190.01  | 7,108.00     | 96,298.01  |
| 17,932.88                   | -            | 17,932.88  | 25,967.28  | -            | 25,967.28  |
| 17,796.00                   | -            | 17,796.00  | 56,207.20  | -            | 56,207.20  |
| 17,421.60                   | -            | 17,421.60  | 87,759.81  | 1,406.00     | 89,165.81  |
| 17,364.00                   | -            | 17,364.00  | 87,356.20  | 1,400.00     | 88,756.20  |
| 17,095.26                   | -            | 17,095.26  | 84,538.01  | 5,961.00     | 90,499.01  |
| 16,999.21                   | -            | 16,999.21  | 85,010.16  | 4,933.00     | 89,943.16  |

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Employee Compensation  
For the period July 1, 2004 through December 15, 2005

| Employee Title              | 12 months ended 06/30/04 |              |           | 12 months ended 06/30/05 |              |           |
|-----------------------------|--------------------------|--------------|-----------|--------------------------|--------------|-----------|
|                             | Salary                   | Supplemental | Total     | Salary                   | Supplemental | Total     |
| Tax UI Project Director     | -                        | -            | -         | -                        | -            | -         |
| Employment Specialist       | 32,103.10                | 1,310.00     | 33,413.10 | 34,100.80                | 3,415.00     | 37,515.80 |
| Unknown                     | -                        | -            | -         | 15,042.00                | -            | 15,042.00 |
| Employment Specialist       | 23,847.07                | -            | 23,847.07 | 33,695.24                | -            | 33,695.24 |
| Executive Secretary         | 30,280.60                | 1,295.00     | 31,575.60 | 33,747.46                | 3,380.00     | 37,127.46 |
| Disability Navigator        | -                        | -            | -         | 7,560.00                 | -            | 7,560.00  |
| Disability Navigator        | -                        | -            | -         | 7,623.20                 | -            | 7,623.20  |
| Disability Navigator        | -                        | -            | -         | 7,623.20                 | -            | 7,623.20  |
| Disability Navigator        | -                        | -            | -         | 7,623.20                 | -            | 7,623.20  |
| Disability Navigator        | -                        | -            | -         | 7,623.20                 | -            | 7,623.20  |
| Disability Navigstor        | -                        | -            | -         | 7,613.28                 | -            | 7,613.28  |
| Disability Navigator        | -                        | -            | -         | 7,623.20                 | -            | 7,623.20  |
| Disability Navigator        | -                        | -            | -         | 4,473.20                 | -            | 4,473.20  |
| Employment Specialist       | 29,581.52                | 1,262.00     | 30,843.52 | 32,873.62                | 3,292.00     | 36,165.62 |
| Unknown                     | -                        | -            | -         | 17,647.45                | -            | 17,647.45 |
| Case Aide                   | 28,869.20                | 1,248.00     | 30,117.20 | 32,561.60                | 3,261.00     | 35,822.60 |
| Employment Specialist       | 28,303.85                | 1,218.00     | 29,521.85 | 31,792.01                | 3,184.00     | 34,976.01 |
| IT Technican                | 27,953.56                | 3,186.00     | 31,139.56 | 31,022.69                | 4,661.00     | 35,683.69 |
| Youth Employment Specialist | 26,894.28                | 1,176.00     | 28,070.28 | 30,731.20                | -            | 30,731.20 |
| IT Team Leader              | 24,333.75                | 3,177.00     | 27,510.75 | 30,723.73                | 4,617.00     | 35,340.73 |
| Case Manager                | -                        | -            | -         | 16,727.20                | -            | 16,727.20 |
| Disability Navigator        | -                        | -            | -         | 7,416.46                 | -            | 7,416.46  |
| Tax UI Systems Analyst      | -                        | -            | -         | -                        | -            | -         |
| Secretary                   | 24,722.87                | 1,046.00     | 25,768.87 | 27,364.33                | -            | 27,364.33 |
| IT Technican                | 23,256.21                | 3,006.00     | 26,262.21 | 26,487.99                | 3,981.00     | 30,468.99 |
| Disability Navigator        | -                        | -            | -         | -                        | -            | -         |
| Elegebility Specialist      | 31,419.20                | -            | 31,419.20 | 37,137.53                | -            | 37,137.53 |
| Employment Specialist       | -                        | -            | -         | -                        | -            | -         |
| New Iowan                   | -                        | -            | -         | 2,016.00                 | -            | 2,016.00  |
| Disability Navigator        | -                        | -            | -         | 7,623.20                 | -            | 7,623.20  |
| New Iowan                   | -                        | -            | -         | -                        | -            | -         |
| New Iowa                    | -                        | -            | -         | -                        | -            | -         |

| 5 1/2 months ended 12/15/05 |              |           | Total     |              |           |
|-----------------------------|--------------|-----------|-----------|--------------|-----------|
| Salary                      | Supplemental | Total     | Salary    | Supplemental | Total     |
| 16,614.40                   | -            | 16,614.40 | 16,614.40 | -            | 16,614.40 |
| 16,317.61                   | -            | 16,317.61 | 82,521.51 | 4,725.00     | 87,246.51 |
| 16,250.40                   | -            | 16,250.40 | 31,292.40 | -            | 31,292.40 |
| 16,144.86                   | -            | 16,144.86 | 73,687.17 | -            | 73,687.17 |
| 16,119.04                   | -            | 16,119.04 | 80,147.10 | 4,675.00     | 84,822.10 |
| 15,941.60                   | -            | 15,941.60 | 23,501.60 | -            | 23,501.60 |
| 15,878.40                   | -            | 15,878.40 | 23,501.60 | -            | 23,501.60 |
| 15,878.40                   | -            | 15,878.40 | 23,501.60 | -            | 23,501.60 |
| 15,878.40                   | -            | 15,878.40 | 23,501.60 | -            | 23,501.60 |
| 15,878.40                   | -            | 15,878.40 | 23,501.60 | -            | 23,501.60 |
| 15,878.40                   | -            | 15,878.40 | 23,491.68 | -            | 23,491.68 |
| 15,878.40                   | -            | 15,878.40 | 23,501.60 | -            | 23,501.60 |
| 15,878.40                   | -            | 15,878.40 | 20,351.60 | -            | 20,351.60 |
| 15,751.21                   | -            | 15,751.21 | 78,206.35 | 4,554.00     | 82,760.35 |
| 15,626.58                   | -            | 15,626.58 | 33,274.03 | -            | 33,274.03 |
| 15,607.25                   | -            | 15,607.25 | 77,038.05 | 4,509.00     | 81,547.05 |
| 15,252.00                   | -            | 15,252.00 | 75,347.86 | 4,402.00     | 79,749.86 |
| 14,896.33                   | 1,700.00     | 16,596.33 | 73,872.58 | 9,547.00     | 83,419.58 |
| 14,762.55                   | -            | 14,762.55 | 72,388.03 | 1,176.00     | 73,564.03 |
| 14,761.94                   | -            | 14,761.94 | 69,819.42 | 7,794.00     | 77,613.42 |
| 14,541.66                   | -            | 14,541.66 | 31,268.86 | -            | 31,268.86 |
| 14,199.59                   | -            | 14,199.59 | 21,616.05 | -            | 21,616.05 |
| 13,078.40                   | -            | 13,078.40 | 13,078.40 | -            | 13,078.40 |
| 12,942.12                   | -            | 12,942.12 | 65,029.32 | 1,046.00     | 66,075.32 |
| 12,803.97                   | 4,000.00     | 16,803.97 | 62,548.17 | 10,987.00    | 73,535.17 |
| 11,896.53                   | -            | 11,896.53 | 11,896.53 | -            | 11,896.53 |
| 11,577.87                   | -            | 11,577.87 | 80,134.60 | -            | 80,134.60 |
| 10,819.62                   | -            | 10,819.62 | 10,819.62 | -            | 10,819.62 |
| 10,182.00                   | -            | 10,182.00 | 12,198.00 | -            | 12,198.00 |
| 8,878.84                    | -            | 8,878.84  | 16,502.04 | -            | 16,502.04 |
| 8,620.00                    | -            | 8,620.00  | 8,620.00  | -            | 8,620.00  |
| 7,219.92                    | -            | 7,219.92  | 7,219.92  | -            | 7,219.92  |

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Employee Compensation  
For the period July 1, 2004 through December 15, 2005

| Employee Title        | 12 months ended 06/30/04 |              |              | 12 months ended 06/30/05 |              |              |
|-----------------------|--------------------------|--------------|--------------|--------------------------|--------------|--------------|
|                       | Salary                   | Supplemental | Total        | Salary                   | Supplemental | Total        |
| Disability Navigator  | -                        | -            | -            | 7,623.20                 | -            | 7,623.20     |
| Secretary             | 12,994.00                | -            | 12,994.00    | 13,844.94                | -            | 13,844.94    |
| New Iowan             | -                        | -            | -            | -                        | -            | -            |
| New Iowan             | -                        | -            | -            | -                        | -            | -            |
| Disability Navigator  | -                        | -            | -            | -                        | -            | -            |
| New Iowan             | -                        | -            | -            | -                        | -            | -            |
| Unknown               | 35,945.02                | 1,400.00     | 37,345.02    | 38,177.60                | -            | 38,177.60    |
| New Iowan             | -                        | -            | -            | -                        | -            | -            |
| Employment Specialist | -                        | -            | -            | -                        | -            | -            |
| Unknown               | -                        | -            | -            | -                        | -            | -            |
| Unknown               | 3,428.19                 | -            | 3,428.19     | -                        | -            | -            |
| Unknown               | 41,600.20                | -            | 41,600.20    | -                        | -            | -            |
| Unknown               | 22,892.08                | -            | 22,892.08    | -                        | -            | -            |
| Unknown               | 621.60                   | -            | 621.60       | -                        | -            | -            |
| Unknown               | 24,664.44                | -            | 24,664.44    | -                        | -            | -            |
| Unknown               | 26,662.00                | 1,086.00     | 27,748.00    | 17,182.72                | -            | 17,182.72    |
| Unknown               | 19,769.30                | 617.00       | 20,386.30    | -                        | -            | -            |
| Unknown               | 228.26                   | -            | 228.26       | -                        | -            | -            |
| Unknown               | 3,526.87                 | -            | 3,526.87     | -                        | -            | -            |
| Unknown               | 12,415.65                | -            | 12,415.65    | -                        | -            | -            |
| Unknown               | 22,766.13                | -            | 22,766.13    | -                        | -            | -            |
| Unknown               | 9,505.34                 | -            | 9,505.34     | -                        | -            | -            |
| Unknown               | 3,120.00                 | -            | 3,120.00     | 16,203.83                | -            | 16,203.83    |
| Unknown               | -                        | -            | -            | 26,908.97                | 760.00       | 27,668.97    |
| Unknown               | -                        | -            | -            | 1,438.06                 | -            | 1,438.06     |
| Total                 | \$ 1,920,405.92          | 398,108.87   | 2,318,514.79 | 2,304,736.73             | 648,848.41   | 2,953,585.14 |

| 5 1/2 months ended 12/15/05 |              |              | Total        |              |              |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Salary                      | Supplemental | Total        | Salary       | Supplemental | Total        |
| 7,037.77                    | -            | 7,037.77     | 14,660.97    | -            | 14,660.97    |
| 6,739.49                    | -            | 6,739.49     | 33,578.43    | -            | 33,578.43    |
| 6,726.80                    | -            | 6,726.80     | 6,726.80     | -            | 6,726.80     |
| 5,846.44                    | -            | 5,846.44     | 5,846.44     | -            | 5,846.44     |
| 5,670.00                    | -            | 5,670.00     | 5,670.00     | -            | 5,670.00     |
| 5,199.42                    | -            | 5,199.42     | 5,199.42     | -            | 5,199.42     |
| 4,312.39                    | -            | 4,312.39     | 78,435.01    | 1,400.00     | 79,835.01    |
| 4,172.41                    | -            | 4,172.41     | 4,172.41     | -            | 4,172.41     |
| 2,884.00                    | -            | 2,884.00     | 2,884.00     | -            | 2,884.00     |
| 74.09                       | -            | 74.09        | 74.09        | -            | 74.09        |
| -                           | -            | -            | 3,428.19     | -            | 3,428.19     |
| -                           | -            | -            | 41,600.20    | -            | 41,600.20    |
| -                           | -            | -            | 22,892.08    | -            | 22,892.08    |
| -                           | -            | -            | 621.60       | -            | 621.60       |
| -                           | -            | -            | 24,664.44    | -            | 24,664.44    |
| -                           | -            | -            | 43,844.72    | 1,086.00     | 44,930.72    |
| -                           | -            | -            | 19,769.30    | 617.00       | 20,386.30    |
| -                           | -            | -            | 228.26       | -            | 228.26       |
| -                           | -            | -            | 3,526.87     | -            | 3,526.87     |
| -                           | -            | -            | 12,415.65    | -            | 12,415.65    |
| -                           | -            | -            | 22,766.13    | -            | 22,766.13    |
| -                           | -            | -            | 9,505.34     | -            | 9,505.34     |
| -                           | -            | -            | 19,323.83    | -            | 19,323.83    |
| -                           | -            | -            | 26,908.97    | 760.00       | 27,668.97    |
| -                           | -            | -            | 1,438.06     | -            | 1,438.06     |
| 1,374,973.40                | 182,168.00   | 1,557,141.40 | 5,600,116.05 | 1,229,125.28 | 6,829,241.33 |

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Supplemental Payments to Executive Administrative Staff  
For the period July 1, 2004 through December 15, 2005

| Date<br>Authorized               | Date<br>Paid         | CEO          | COO        | Chief<br>Accountant |
|----------------------------------|----------------------|--------------|------------|---------------------|
| <b>12 months ended 06/30/04:</b> |                      |              |            |                     |
| 06/23/03 ##                      | unknown              | \$ 15,906.00 | 15,042.00  | -                   |
| 11/07/03                         | 11/17/03 to 11/19/03 | 15,906.00    | 15,042.00  | 4,580.00            |
| 12/03/03                         | unknown              | -            | -          | 2,000.00            |
| 01/16/04                         | unknown              | 18,907.00    | 18,065.00  | -                   |
| 04/02/04                         | 03/26/04 to 04/05/04 | 18,907.00    | 18,065.00  | -                   |
| 04/26/04                         | unknown              | 18,907.00    | 18,065.00  | -                   |
| 05/19/04                         | 05/10/04 to 05/21/04 | 18,907.00    | 18,066.00  | 9,161.00            |
| 06/30/04                         | 06/16/04 to 06/30/04 | 7,500.00     | 7,500.00   | 10,000.00           |
| ^^                               | unknown              | 30,366.45    | 28,716.90  | -                   |
|                                  | Subtotal             | 145,306.45   | 138,561.90 | 25,741.00           |
| <b>12 months ended 06/30/05:</b> |                      |              |            |                     |
| 06/08/04                         | 07/01/04             | 18,907.00    | 18,064.00  | -                   |
| 08/18/04                         | 08/24/04             | 20,642.00    | 20,255.00  | -                   |
| ^^                               | 10/18/04             | 20,642.00    | -          | -                   |
| ^^                               | 11/01/04             | -            | 20,255.00  | -                   |
| ^^                               | 11/22/04             | 20,642.00    | -          | -                   |
| 12/09/04                         | 12/13/04             | 7,500.00     | 7,500.00   | -                   |
| ^^                               | 12/17/04             | -            | 20,255.00  | -                   |
| undated                          | 01/04/05             | 20,642.00    | 20,255.00  | 9,297.60            |
| 01/04/05                         | 01/05/05             | 10,000.00    | 10,000.00  | 10,000.00           |
| 01/31/05                         | 01/31/05             | 17,800.00    | 17,500.00  | -                   |
| 02/16/05                         | 02/22/05             | 26,700.00    | 26,252.00  | -                   |
| 04/11/05                         | 04/11/05             | 10,000.00    | 10,000.00  | -                   |
| 04/21/05                         | 04/21/05             | 7,500.00     | 7,500.00   | -                   |
| 06/07/05                         | 06/08/05             | 4,750.00     | 3,000.00   | 3,000.00            |
| 06/30/05                         | 06/30/05             | 26,700.00    | 26,251.00  | 13,946.00 #         |
|                                  | Subtotal             | 212,425.00   | 207,087.00 | 36,243.60           |

**Stated purpose according to letter of authorization**

---

Quarterly supplemental pay to bring salaries to higher than average level

Program Year 2003 winter incentive pay

Additional work performed setting up American Fundware

Quarterly supplemental pay because of recent efforts by other local organizations to recruit the CEO and COO away from CIETC

Quarterly supplemental for excellent work in obtaining new office facilities

To bring compensation level to the same level or higher compared to other public and private organizations

Semi-Annual supplemental pay for job performance over past 12 months

The PY2003 audit report has no findings and an unqualified opinion

^^

Quarterly supplemental pay per employment agreement, also grant 8% salary increase

Quarterly supplemental pay per employment agreement

^^

^^

^^

Events and achievements during the last calendar year

^^

Program Year 2004 December Semi-Annual Supplemental for job performance

For additional work and strong commitment to the CIETC organization

For additional work and strong commitment to the CIETC organization

Quarterly supplemental pay per employment agreement

To recognize dedication and hard work and for additional work on the Regional Plan

Prior supplemental payment fell short of standard 15%

Performance in connection with work on Promise Jobs

Performance in connection with work on Promise Jobs

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Supplemental Payments to Executive Administrative Staff  
For the period July 1, 2004 through December 15, 2005

| <b>Date<br/>Authorized</b>          | <b>Date<br/>Paid</b> | <b>CEO</b>           | <b>COO</b>        | <b>Chief<br/>Accountant</b> |
|-------------------------------------|----------------------|----------------------|-------------------|-----------------------------|
| <b>5 1/2 months ended 12/15/05:</b> |                      |                      |                   |                             |
| 07/05/05                            | unknown              | 26,898.00            | 26,448.00         | 4,714.00                    |
| 08/19/05 **                         | 08/22/05             | 28,036.00            | 27,568.00         | -                           |
| 08/26/05                            | 09/01/05             | 4,200.00             | -                 | -                           |
| 10/27/05                            | 10/31/05             | 28,036.00            | 27,568.00         | -                           |
| Subtotal                            |                      | 87,170.00            | 81,584.00         | 4,714.00                    |
| Total                               |                      | <u>\$ 444,901.45</u> | <u>427,232.90</u> | <u>66,698.60</u>            |

^^ - Authorization letter was not provided. According to CIETC administrative executives, one authorization letter would on occasion be used to authorize mutiple supplemental payments.

\*\* - This payment is 15% of the CEO's \$186,908.00 annual salary. However, this salary amount was not effective until her employment agreement was signed on September 8, 2005.

# - These supplemental payments were funded by \$200,000 Promise Jobs amendment funded by IWD on June 30, 2005.

## - Authorization letter states the quarterly supplemental wage and incentive payments are effective for program year 2003 (fiscal year 2004).



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**Stated purpose according to letter of authorization**

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Quarterly supplemental pay per employment agreement and authorization of 5% for Karen

Quarterly supplemental pay per employment agreement

Successful audit review by the Office of Inspector General and additional duties for Maytag workers

Semi-Annual payment for events and achievements during the last calendar year

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Compensation Comparison Among Providers  
For the period July 1, 2004 through December 15, 2005

| Region |   | CEO /<br>Executive Director |         | COO/<br>Operations Supervisor |         |
|--------|---|-----------------------------|---------|-------------------------------|---------|
| #      | Name / Location   | FY05                        | FY06    | FY05                          | FY06    |
| 1      | Upper Explorerland Regional Planning Commission<br>Postville  | \$ 54,900                   | 58,115  | NA                            | NA      |
| 3/4    | NW Iowa Planning & Development Commission<br>Spencer          | 65,852                      | 67,352  | NA                            | NA      |
| 8      | Region XII Council of Governments<br>Carroll                  | 70,500                      | 74,377  | NA                            | NA      |
| 9      | Eastern Iowa Community College<br>Davenport                   | 76,609                      | 80,327  | NA                            | NA      |
| 10     | Kirkwood Community College<br>Cedar Rapids                    | 85,000                      | 89,579  | 49,420                        | 47,083  |
| ## 11  | Central Iowa Employment and Training Consortium<br>Des Moines | 368,236                     | 357,845 | 360,010                       | 347,739 |
| 13     | Iowa Western Community College<br>Council Bluffs              | 78,221                      | 81,976  | NA                            | NA      |
| 14     | Matura Action Corporation<br>Creston                          | 75,347                      | 75,355  | NA                            | NA      |
| 15     | Indian Hills Community College<br>Ottumwa                     | NA                          | NA      | NA                            | NA      |

^ - Certain functions are administered through the Community College business office. The College receives a 10% charge-back of total salaries and fringes paid to employees in the Job Training Department in return for providing administrative services.

## - FY05 amounts shown for Region 11 (CIETC) include salaries and all supplemental payments. FY06 amounts include all payments made through December 15, 2005 (including supplemental payments) and remaining authorized annual salary. The FY06 amounts also include quarterly incentive payments to be paid to the CEO and COO prior to June 30, 2006, as provided in their employment agreements.

| Chief Accountant/<br>Fiscal Officer |        | Program<br>Director |        | MIS<br>Manager |        | Employment<br>Specialist |        |
|-------------------------------------|--------|---------------------|--------|----------------|--------|--------------------------|--------|
| FY05                                | FY06   | FY05                | FY06   | FY05           | FY06   | FY05                     | FY06   |
| 31,951                              | 34,363 | 49,926              | 52,966 | 21,920         | 23,981 | 38,751                   | 41,401 |
| 42,438                              | 45,438 | Executive Director  |        | Accountant     |        | 41,011                   | 42,511 |
| 54,662                              | 57,408 | Executive Director  |        | 27,685         | 31,990 | 32,926                   | 33,440 |
| 48,233                              | 50,759 | 61,739              | 64,832 | 44,322         | 46,684 | 55,590                   | 58,425 |
| Operation Supervisor                |        | 44,401              | 48,202 | 34,421         | 35,863 | 47,520                   | 49,471 |
| 129,168                             | 98,950 | 83,002              | 84,365 | 90,307         | 78,541 | 61,880                   | 60,861 |
| 44,206                              | 46,328 | 59,694              | 62,559 | Accountant     |        | 46,617                   | 48,855 |
| 46,925                              | 46,288 | Executive Director  |        | 40,286         | 40,123 | 47,247                   | 42,744 |
| ^                                   | ^      | 64,355              | 67,050 | ^              | ^      | Not provided             |        |

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Selected State Officials' Compensation  
For the period July 1, 2004 through December 15, 2005

|  | * FY05<br>Compensation | Number of<br>Employees |
|--|------------------------|------------------------|
| <b><u>CIETC Officers:</u></b>                |                        |                        |
| Executive Director                           | \$ 368,236             | 72**                   |
| Chief Operating Officer                      | 360,010                |                        |
| Accountant                                   | 129,168                |                        |
| <b><u>##Iowa State Agency Directors:</u></b> |                        |                        |
| Iowa Lottery                                 | 215,040                | 108                    |
| Iowa Public Employee Retirement System       | 139,018                | 83                     |
| Board of Regents                             | 134,661                | 20                     |
| Department of Human Services                 | 129,261                | 5237                   |
| Department of Transportation                 | 129,053                | 3112                   |
| Department of Corrections                    | 126,000                | 2871                   |
| Department of Revenue                        | 124,095                | 369                    |
| Department of Administrative Services        | 122,837                | 366                    |
| Department of Public Health                  | 122,720                | 394                    |
| Department of Education                      | 116,980                | 269                    |
| Department of Management                     | 114,762                | 27                     |
| Department of Workforce Development          | 114,502                | 753                    |
| Department of Public Safety                  | 110,647                | 847                    |
| Department of Natural Resources              | 108,406                | 912                    |
| Department of Economic Development           | 108,307                | 131                    |
| Governor                                     | 107,482                | 40                     |
| Attorney General                             | 105,430                | 203                    |
| Department of Inspections and Appeals        | 104,842                | 488                    |
| Iowa Public Television                       | 96,000                 | 137                    |
| Department of Elder Affairs                  | 91,960                 | 28                     |
| Department of Cultural Affairs               | 90,715                 | 64                     |
| Auditor of State                             | 87,990                 | 112                    |
| Blind Commission                             | 83,300                 | 99                     |
| Department of Civil Rights                   | 76,965                 | 23                     |
| <b><u>##University Presidents:</u></b>       |                        |                        |
| University of Iowa                           | 300,450                | ****                   |
| Iowa State University                        | 293,250                | ****                   |
| University of Northern Iowa                  | 231,050                | ****                   |

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Selected State Officials' Compensation  
For the period July 1, 2004 through December 15, 2005

|  | * FY05<br>Compensation | Number of<br>Employees |
|--|------------------------|------------------------|
| <b><u>^Community College Presidents:</u></b> |                        |                        |
| Des Moines Area Community College            | \$ 203,000             | ****                   |
| Kirkwood Community College                   | 193,000                | ****                   |
| Western Iowa Tech Community College          | 162,000                | ****                   |
| Eastern Iowa Community College               | 161,510                | ****                   |
| North Iowa Area Community College            | 158,153                | ****                   |
| Iowa Western Community College               | 152,872                | ****                   |
| Hawkeye Community College                    | 145,000                | ****                   |
| Iowa Valley Community College                | 131,000                | ****                   |
| Iowa Central Community College               | 130,000                | ****                   |
| Southeastern Community College               | 130,000                | ****                   |
| Indian Hills Community College               | 125,072                | ****                   |
| Northeast Iowa Community College             | 123,050                | ****                   |
| Southwestern Community College               | 117,614                | ****                   |
| Iowa Lakes Community College                 | 116,230                | ****                   |
| Northwest Iowa Community College             | 103,000                | ****                   |
| <b><u>#City of Des Moines:</u></b>           |                        |                        |
| City Manager                                 | 176,500                | ****                   |

^ - According to 2005-06 contracts

\* - Compensation includes salaries and supplemental payments

\*\* - Approximately 24 employees are of a "contract nature"

## - Source: State Salary book for fiscal year 2005

\*\*\*\* - Number of employees not available

# - Base salary at March 29, 2006, according to the City's Human Resources Department.

**Exhibit F**

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Use of Polk County Funding  
For the period July 1, 2004 through December 15, 2005

| Type of Expenditure                 | Amount              | % of<br>Funding |
|-------------------------------------|---------------------|-----------------|
| Salary and supplemental payments^   | \$ 179,174.91       | 65.6%           |
| Audit and consulting fees           | 33,137.50           | 12.1%           |
| Employment taxes                    | 15,421.73           | 5.7%            |
| IPERS                               | 10,237.69           | 3.8%            |
| Other services                      | 9,137.05            | 3.3%            |
| Office and storage facility rent    | 7,674.74            | 2.8%            |
| Fringe benefits                     | 6,261.03            | 2.3%            |
| Travel                              | 3,745.48            | 1.4%            |
| Miscellaneous supplies and overhead | 3,596.92            | 1.3%            |
| Furniture and equipment             | 2,279.02            | 0.8%            |
| Software maintenance                | 1,796.51            | 0.7%            |
| Board and staff meetings            | 651.02              | 0.2%            |
| Total                               | <u>\$273,113.60</u> | <u>100.0%</u>   |

^ - See **Exhibit G** for additional details

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Employee Compensation Paid with Polk County Funding  
For the period July 1, 2004 through December 15, 2005

| <b>Employee Title</b>     | <b>Salary<br/>Payment</b> | <b>Supplemental<br/>Payment</b> | <b>Total</b>      |
|---------------------------|---------------------------|---------------------------------|-------------------|
| Intake Specialist         | \$33,046.40               | -                               | 33,046.40         |
| Chief Operating Officer   | -                         | 28,400.00                       | 28,400.00         |
| Chief Executive Officer   | -                         | 27,800.00                       | 27,800.00         |
| Unknown                   | 15,042.00                 | -                               | 15,042.00         |
| Employment Specialist     | -                         | 12,876.00                       | 12,876.00         |
| Employment Specialist     | -                         | 12,871.00                       | 12,871.00         |
| Chief Accountant          | -                         | 10,000.00                       | 10,000.00         |
| Employment Specialist     | -                         | 10,000.00                       | 10,000.00         |
| Job Developer             | -                         | 10,000.00                       | 10,000.00         |
| Employment Specialist     | 8,711.44                  | 421.07                          | 9,132.51          |
| Administrative Assistant  | -                         | 5,000.00                        | 5,000.00          |
| Case Manager              | 4,037.60                  | -                               | 4,037.60          |
| Employment Specialist     | 895.04                    | -                               | 895.04            |
| Unknown                   | 74.36                     | -                               | 74.36             |
| <b>Total</b>              | <b>\$61,806.84</b>        | <b>117,368.07</b>               | <b>179,174.91</b> |
| <b>Percent of Funding</b> | <b>22.6%</b>              | <b>43.0%</b>                    | <b>65.6%</b>      |

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Allocation of Executive Administrative Staff's Compensation  
For the period July 1, 2004 through December 15, 2005

| Description              |                   | Funding Source |            |             |            |              |            |
|--------------------------|-------------------|----------------|------------|-------------|------------|--------------|------------|
|                          |                   | WIA Admin      |            | WIA Program |            | Promise Jobs |            |
|                          |                   | Salary         | Supplement | Salary      | Supplement | Salary       | Supplement |
| <b>CEO:</b>              |                   |                |            |             |            |              |            |
| ^06/30/04                | Dollars           | \$ 5,123.98    | 4,978.20   | 57,717.05   | 58,908.70  | 21,613.55    | 18,522.38  |
|                          | Percent Allocated | 6.0%           | 5.7%       | 67.2%       | 67.6%      | 25.1%        | 21.2%      |
| ^06/30/05                | Dollars           | 8,032.94       | 7,896.25   | 71,278.03   | 72,864.21  | 57,536.80    | 83,375.60  |
|                          | Percent Allocated | 5.2%           | 3.7%       | 45.7%       | 34.3%      | 36.9%        | 39.3%      |
| *12/15/05                | Dollars           | 5,437.40       | 6,694.97   | 50,400.33   | 61,835.88  | 52,911.12    | 76,505.60  |
|                          | Percent Allocated | 5.0%           | 4.6%       | 46.3%       | 42.6%      | 48.7%        | 52.8%      |
| <b>COO:</b>              |                   |                |            |             |            |              |            |
| ^06/30/04                | Dollars           | 12,607.70      | 12,237.60  | -           | -          | 39,431.22    | 36,712.80  |
|                          | Percent Allocated | 14.9%          | 15.0%      | 0.0%        | 0.0%       | 46.7%        | 45.0%      |
| ^06/30/05                | Dollars           | 20,858.80      | 21,467.04  | -           | -          | 89,784.53    | 121,976.48 |
|                          | Percent Allocated | 13.6%          | 10.4%      | 0.0%        | 0.0%       | 58.7%        | 58.9%      |
| *12/15/05                | Dollars           | 4,305.14       | 5,310.55   | -           | -          | 31,337.39    | 51,925.54  |
|                          | Percent Allocated | 4.2%           | 3.8%       | 0.0%        | 0.0%       | 30.4%        | 37.5%      |
| <b>Chief Accountant:</b> |                   |                |            |             |            |              |            |
| ^06/30/04                | Dollars           | 2,066.48       | 282.84     | -           | -          | 11,681.59    | 1,367.06   |
|                          | Percent Allocated | 4.8%           | 6.0%       | 0.0%        | 0.0%       | 26.9%        | 29.0%      |
| ^06/30/05                | Dollars           | 5,998.48       | 1,079.76   | -           | -          | 49,013.75    | 19,395.63  |
|                          | Percent Allocated | 6.5%           | 3.0%       | 0.0%        | 0.0%       | 52.7%        | 53.5%      |
| *12/15/05                | Dollars           | 3,681.66       | 375.00     | -           | -          | 38,758.77    | 12,740.00  |
|                          | Percent Allocated | 4.1%           | 1.4%       | 0.0%        | 0.0%       | 43.5%        | 49.5%      |

^ - 12 months ended

\* - 5 1/2 months ended



| Polk County |            | Other     |            | Total      |            |
|-------------|------------|-----------|------------|------------|------------|
| Salary      | Supplement | Salary    | Supplement | Salary     | Supplement |
| -           | -          | 1,468.63  | 4,760.72   | 85,923.21  | 87,170.00  |
| 0.0%        | 0.0%       | 1.7%      | 5.5%       |            |            |
| -           | 27,800.00  | 18,963.50 | 20,488.94  | 155,811.27 | 212,425.00 |
| 0.0%        | 13.1%      | 12.2%     | 9.6%       |            |            |
| -           | -          | -         | -          | 108,748.85 | 145,036.45 |
| 0.0%        | 0.0%       | 0.0%      | 0.0%       |            |            |
| -           | -          | 32,449.07 | 32,633.60  | 84,487.99  | 81,584.00  |
| 0.0%        | 0.0%       | 38.4%     | 40.0%      |            |            |
| -           | 28,400.00  | 42,279.88 | 35,243.48  | 152,923.21 | 207,087.00 |
| 0.0%        | 13.7%      | 27.7%     | 17.0%      |            |            |
| -           | 14,813.05  | 67,289.04 | 66,512.76  | 102,931.57 | 138,561.90 |
| 0.0%        | 10.7%      | 65.4%     | 48.0%      |            |            |
| -           | -          | 29,718.40 | 3,064.10   | 43,466.47  | 4,714.00   |
| 0.0%        | 0.0%       | 68.3%     | 65.0%      |            |            |
| -           | 10,000.00  | 37,912.23 | 5,768.21   | 92,924.46  | 36,243.60  |
| 0.0%        | 27.6%      | 40.8%     | 15.9%      |            |            |
| -           | 8,870.00   | 46,696.59 | 3,756.00   | 89,137.02  | 25,741.00  |
| 0.0%        | 34.5%      | 52.4%     | 14.6%      |            |            |

**Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development**

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Allocation of Supplemental Payments  
For the period July 1, 2004 through December 15, 2005

**CIETC Allocation of Supplemental Payments**

| Grantor / Program   | CFDA<br>Number  | 12 months<br>ended<br>06/30/04 | 12 months<br>ended<br>06/30/05 | 5 1/2 months<br>ended<br>12/15/05 | Total        | %<br>of<br>Total |
|---|-----------------|--------------------------------|--------------------------------|-----------------------------------|--------------|------------------|
| <b>US Department of Labor - Direct:</b>                                     |                 |                                |                                |                                   |              |                  |
| Demo, Pilot and Projects  | 17.261          | \$ 40,900.89                   | 27,611.99                      | 29,591.78                         | 98,104.66    |                  |
| H-1B  | 17.261          | 24,352.52                      | 5,814.12                       | -                                 | 30,166.64    |                  |
| <b>US Department of Labor - Passed through IWD:</b>                         |                 |                                |                                |                                   |              |                  |
| Migrant Seasonal Farm Worker  | 17.207          | 1,035.30                       | 690.14                         | -                                 | 1,725.44     |                  |
| New Employment Opportunities  | 17.207          | 3,238.65                       | 3,740.40                       | 3,000.00                          | 9,979.05     |                  |
| WIA Administration  | 17.258 - 17.260 | 13,789.86                      | 30,594.09                      | 17,498.64                         | 61,882.59    |                  |
| WIA Adult Program   | 17.258          | 25,669.78                      | 22,203.66                      | 9,240.70                          | 57,114.14    |                  |
| WIA Youth Program   | 17.259          | 23,508.68                      | 29,920.74                      | 16,708.00                         | 70,137.42    |                  |
| WIA Dislocated Worker Services  | 17.260          | 29,937.09                      | 21,784.83                      | 33,245.00                         | 84,966.92    |                  |
| State Workforce Investment Set-Aside  | 17.260          | 2,318.65                       | -                              | -                                 | 2,318.65     |                  |
| National Emergency Grant  | 17.260          | 6,554.50                       | -                              | -                                 | 6,554.50     |                  |
| Early Intervention Grant  | 17.260          | 200.00                         | -                              | -                                 | 200.00       |                  |
| Work Incentive - Disability Navigator                                       | 17.266          | 452.76                         | 1,200.00                       | 1,414.20                          | 3,066.96     |                  |
| Total U.S. Department of Labor  |                 | 171,958.68                     | 143,559.97                     | 110,698.32                        | 426,216.97   | 35%              |
| <b>US Department of Health and Human Services -<br/>Passed through IWD:</b> |                 |                                |                                |                                   |              |                  |
| Temporary Assistance for Needy Families<br>(Promise Jobs)                   | 93.558          | 187,334.14                     | 357,808.39                     | 62,017.24                         | 607,159.77   | 49%              |
| <b>Other:</b>   |                 |                                |                                |                                   |              |                  |
| General Admin   | ^^              | 6,520.00                       | 8,311.68                       | 4,362.04                          | 19,193.72    |                  |
| New Iowan Program   | ^^^             | -                              | 690.14                         | -                                 | 690.14       |                  |
| Iowa Department of Human Services   |                 | -                              | 661.22                         | 329.98                            | 991.20       |                  |
| Polk County Low Income Workforce Initiative                                 |                 | -                              | 20,448.94                      | 560.42                            | 21,009.36    |                  |
| Polk County - Local Unrestricted  |                 | 32,296.05                      | 117,368.07                     | -                                 | 149,664.12   |                  |
| Polk County - Local Elected Officials Board                                 |                 | -                              | -                              | 4,200.00                          | 4,200.00     |                  |
| Total Other   |                 | 38,816.05                      | 147,480.05                     | 9,452.44                          | 195,748.54   | 16%              |
| Total   |                 | \$ 398,108.87                  | 648,848.41                     | 182,168.00                        | 1,229,125.28 | 100%             |

^^ - General Administration dollars are awarded from Iowa Workforce Development for the purpose of compensation to CIETC for administrative time involved with the processing of Fiscal Agent payments. Funds are allocated through the Iowa Workforce Development indirect cost allocation.

^^^ - New Iowan program dollars are awarded from Iowa Workforce Development and include a mixture of federal and state level funding sources including Wagner Peyser.

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Promise Jobs Budgets and Expenditures for Regional Providers  
For the period July 1, 2004 through December 15, 2005

| Fiscal Year 2004 |                      |                |             |                      |                           |                            |
|------------------|----------------------|----------------|-------------|----------------------|---------------------------|----------------------------|
| Region #         | Program Expenditures | Program Budget | Amend-ments | Final Program Budget | Regional Percent of Total | Amount Over (Under) Budget |
| 1                | \$ 377,731.62        | 377,806.00     |             | 377,806.00           | 5.15%                     | (74.38)                    |
| 2                | 350,627.66           | 352,018.00     |             | 352,018.00           | 4.80%                     | (1,390.34)                 |
| 3                | 94,668.00            | 94,668.00      |             | 94,668.00            | 1.29%                     | -                          |
| 4                | 57,436.00            | 57,436.00      | -           | 57,436.00            | 0.78%                     | -                          |
| 5                | 74,048.42            | 83,892.00      | -           | 83,892.00            | 1.14%                     | (9,843.58)                 |
| 6                | 394,577.00           | 394,577.00     | -           | 394,577.00           | 5.38%                     | -                          |
| 7                | 657,837.00           | 657,857.00     | -           | 657,857.00           | 8.97%                     | (20.00)                    |
| 8                | 122,827.00           | 122,827.00     | -           | 122,827.00           | 1.67%                     | -                          |
| 9                | 978,775.45           | 981,407.00     | -           | 981,407.00           | 13.38%                    | (2,631.55)                 |
| 10               | 692,562.64           | 712,589.00     | -           | 712,589.00           | 9.71%                     | (20,026.36)                |
| 11               | 1,576,527.15         | 1,510,327.00   | 75,000.00   | 1,585,327.00         | 21.61%                    | (8,799.85)                 |
| 12               | 389,168.26           | 389,222.00     | -           | 389,222.00           | 5.31%                     | (53.74)                    |
| 13               | 496,017.67           | 496,126.00     | -           | 496,126.00           | 6.76%                     | (108.33)                   |
| 14               | 138,515.57           | 145,342.00     | -           | 145,342.00           | 1.98%                     | (6,826.43)                 |
| 15               | 452,595.32           | 457,420.00     | -           | 457,420.00           | 6.24%                     | (4,824.68)                 |
| 16               | 416,601.37           | 427,452.00     | -           | 427,452.00           | 5.83%                     | (10,850.63)                |
| Total            | \$7,270,516.13       | 7,260,966.00   | 75,000.00   | 7,335,966.00         | 100.00%                   | (65,449.87)                |

| Fiscal Year 2005     |                |             |                      |                           |                            | Fiscal Year 2006 |
|----------------------|----------------|-------------|----------------------|---------------------------|----------------------------|------------------|
| Program Expenditures | Program Budget | Amend-ments | Final Program Budget | Regional Percent of Total | Amount Over (Under) Budget | Program Budget   |
| 387,399.35           | 377,499.00     | 10,000.00   | 387,499.00           | 5.10%                     | (99.65)                    | 382,659.00       |
| 347,157.56           | 347,242.00     |             | 347,242.00           | 4.57%                     | (84.44)                    | 321,395.00       |
| 98,711.00            | 98,711.00      |             | 98,711.00            | 1.30%                     | -                          | 102,074.00       |
| 60,725.00            | 60,725.00      | -           | 60,725.00            | 0.80%                     | -                          | 61,863.00        |
| 57,526.15            | 54,070.00      | 13,000.00   | 67,070.00            | 0.88%                     | (9,543.85)                 | 52,299.00        |
| 407,578.00           | 407,578.00     | -           | 407,578.00           | 5.37%                     | -                          | 408,853.00       |
| 642,516.88           | 642,537.00     | -           | 642,537.00           | 8.46%                     | (20.12)                    | 634,921.00       |
| 127,159.00           | 125,159.00     | 2,000.00    | 127,159.00           | 1.67%                     | -                          | 113,267.00       |
| 921,681.11           | 928,310.00     | -           | 928,310.00           | 12.22%                    | (6,628.89)                 | 900,895.00       |
| 754,938.18           | 754,916.00     | -           | 772,916.00           | 10.18%                    | (17,977.82)                | 785,445.00       |
| 1,838,573.00         | 1,513,573.00   | 325,000.00  | 1,838,573.00         | 24.21%                    | -                          | 1,508,547.00     |
| 387,181.59           | 387,273.00     | -           | 387,273.00           | 5.10%                     | (91.41)                    | 396,937.00       |
| 509,739.20           | 509,923.00     | -           | 509,923.00           | 6.71%                     | (183.80)                   | 510,988.00       |
| 134,625.94           | 138,545.00     | -           | 138,545.00           | 1.82%                     | (3,919.06)                 | 129,277.00       |
| 442,649.15           | 463,646.00     | -           | 463,646.00           | 6.10%                     | (20,996.85)                | 475,072.00       |
| 412,737.69           | 417,163.00     | -           | 417,163.00           | 5.49%                     | (4,425.31)                 | 395,672.00       |
| 7,530,898.80         | 7,226,870.00   | 350,000.00  | 7,594,870.00         | 100.00%                   | (63,971.20)                | 7,180,164.00     |

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Promise Jobs Program – Cost per Participant  
For the period July 1, 2004 through December 15, 2005

| Fiscal Year 2004 |   |                       |                        |                    |                      |
|------------------|---|-----------------------|------------------------|--------------------|----------------------|
| Region #         | Average Number of Participants <sup>^</sup> | Drawdowns by Provider | Local IWD Expenditures | Total Expenditures | Cost Per Participant |
| 1                | 1,044                                       | \$ 377,731.62         | 232,168.00             | 609,899.62         | 584.20               |
| 2                | 462   | 350,627.66            | -                      | 350,627.66         | 758.93               |
| 3                | 274   | 94,668.00             | 80,479.00              | 175,147.00         | 639.22               |
| 4                | 175   | 57,436.00             | 51,034.00              | 108,470.00         | 619.83               |
| 5                | 682   | 74,048.42             | 411,406.00             | 485,454.42         | 711.81               |
| 6                | 609   | 394,577.00            | -                      | 394,577.00         | 647.91               |
| 7                | 1,368                                       | 657,837.00            | 547,390.42             | 1,205,227.42       | 881.01               |
| 8                | 316   | 122,827.00            | 80,562.00              | 203,389.00         | 643.64               |
| 9                | 2,196                                       | 978,775.45            | 878,711.67             | 1,857,487.12       | 845.85               |
| 10               | 2,115                                       | 692,562.64            | 607,722.00             | 1,300,284.64       | 614.79               |
| 11               | 3,012                                       | 1,576,527.15          | 971,925.00             | 2,548,452.15       | 846.10               |
| 12               | 944   | 389,168.26            | 300,621.00             | 689,789.26         | 730.71               |
| 13               | 1,261                                       | 496,017.67            | 421,822.00             | 917,839.67         | 727.87               |
| 14               | 274   | 138,515.57            | 112,879.00             | 251,394.57         | 917.50               |
| 15               | 1,241                                       | 452,595.32            | 390,185.40             | 842,780.72         | 679.11               |
| 16               | 902   | 416,601.37            | 289,484.73             | 706,086.10         | 782.80               |

<sup>^</sup> - Participants served are tracked on a monthly basis. The average number of participants served by region for the month has been used in the above calculation. In addition, IWD does not have a mechanism to track participant data at the subrecipient level. Therefore, participant data is for both the provider and local IWD offices.

## Fiscal Year 2005

| Average<br>Number of<br>Participants^ | Drawdowns<br>by Provider | Local IWD<br>Expenditures | Total<br>Expenditures | Cost<br>Per<br>Participant |
|---------------------------------------|--------------------------|---------------------------|-----------------------|----------------------------|
| 1,009                                 | \$ 387,399.35            | 283,078.00                | 670,477.35            | 664.50                     |
| 417                                   | 347,157.56               | -                         | 347,157.56            | 832.51                     |
| 255                                   | 98,711.00                | 98,188.00                 | 196,899.00            | 772.15                     |
| 163                                   | 60,725.00                | 36,776.00                 | 97,501.00             | 598.17                     |
| 647                                   | 57,526.15                | 397,213.00                | 454,739.15            | 702.84                     |
| 609                                   | 407,578.00               | -                         | 407,578.00            | 669.26                     |
| 1,277                                 | 642,516.88               | 492,680.27                | 1,135,197.15          | 888.96                     |
| 303                                   | 127,159.00               | 76,927.00                 | 204,086.00            | 673.55                     |
| 2,126                                 | 921,681.11               | 792,789.95                | 1,714,471.06          | 806.43                     |
| 2,064                                 | 754,938.18               | 639,976.00                | 1,394,914.18          | 675.83                     |
| 2,837                                 | 1,838,573.00             | 959,926.00                | 2,798,499.00          | 986.43                     |
| 959                                   | 387,181.59               | 318,468.00                | 705,649.59            | 735.82                     |
| 1,221                                 | 509,739.20               | 438,799.00                | 948,538.20            | 776.85                     |
| 264                                   | 134,625.94               | 105,613.00                | 240,238.94            | 910.00                     |
| 1,247                                 | 442,649.15               | 380,008.77                | 822,657.92            | 659.71                     |
| 832                                   | 412,737.69               | 311,393.53                | 724,131.22            | 870.35                     |

**Exhibit L**

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

WIA – Cost per Participant  
For the period July 1, 2004 through December 15, 2005

| Region<br># | Fiscal Year 2004                                |   |                            | Fiscal Year 2005                                |   |                            |
|-------------|---|---|----------------------------|---|---|----------------------------|
|             | Total<br>Number of<br>Participants <sup>^</sup> | <sup>^^</sup><br>Drawdowns<br>by Provider | Cost<br>Per<br>Participant | Total<br>Number of<br>Participants <sup>^</sup> | <sup>^^</sup><br>Drawdowns<br>by Provider | Cost<br>Per<br>Participant |
| 1           | 690   | \$ 1,086,209.66                           | 1,574.22                   | 542   | \$ 1,249,247.63                           | 2,304.88                   |
| 2           | 87  | 317,990.12                                | 3,655.06                   | 89  | 329,114.18                                | 3,697.91                   |
| 3           | 89  | 150,632.50                                | 1,692.50                   | 100   | 180,112.21                                | 1,801.12                   |
| 4           | 55  | 224,574.56                                | 4,083.17                   | 49  | 156,818.98                                | 3,200.39                   |
| 5           | 117   | 334,905.41                                | 2,862.44                   | 92  | 268,810.87                                | 2,921.86                   |
| 6           | 94  | 357,581.00                                | 3,804.05                   | 99  | 380,702.00                                | 3,845.47                   |
| 7           | 239   | 817,162.93                                | 3,419.09                   | 206   | 802,133.21                                | 3,893.85                   |
| 8           | 65  | 221,612.43                                | 3,409.42                   | 69  | 283,359.72                                | 4,106.66                   |
| 9           | 426   | 1,061,475.15                              | 2,491.73                   | 373   | 1,061,252.02                              | 2,845.18                   |
| 10          | 612   | 915,111.50                                | 1,495.28                   | 516   | 823,300.93                                | 1,595.54                   |
| 11          | 292   | 1,214,268.51                              | 4,158.45                   | 263   | 1,364,529.25                              | 5,188.32                   |
| 12          | 256   | 440,432.88                                | 1,720.44                   | 205   | 514,307.76                                | 2,508.82                   |
| 13          | 207   | 382,090.43                                | 1,845.85                   | 167   | 487,355.06                                | 2,918.29                   |
| 14          | 174   | 494,892.72                                | 2,844.21                   | 110   | 669,815.43                                | 6,089.23                   |
| 15          | 267   | 768,317.43                                | 2,877.59                   | 219   | 732,784.45                                | 3,346.05                   |
| 16          | 683   | 1,087,181.23                              | 1,591.77                   | 589   | 1,640,492.47                              | 2,785.22                   |
|             | Total   | <u>\$ 9,874,438.46</u>                    |                            |   | <u>10,944,136.17</u>                      |                            |

<sup>^</sup> - We were instructed by an IWD official to use participant served data as reported in the WIA Annual Report. However, we have obtained data from another source within the department that contradicts the information in the report. Therefore, we are unable to determine the accuracy of the participant data used in the above calculation.

<sup>^^</sup> - Drawdown of Admin, Adult, Dislocated Worker and Youth. Does not include Set-Aside.



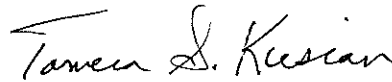
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Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Staff

This special investigation was performed by:

Annette K. Campbell, CPA, Director  
Corinne Johnson, CPA, Staff Auditor



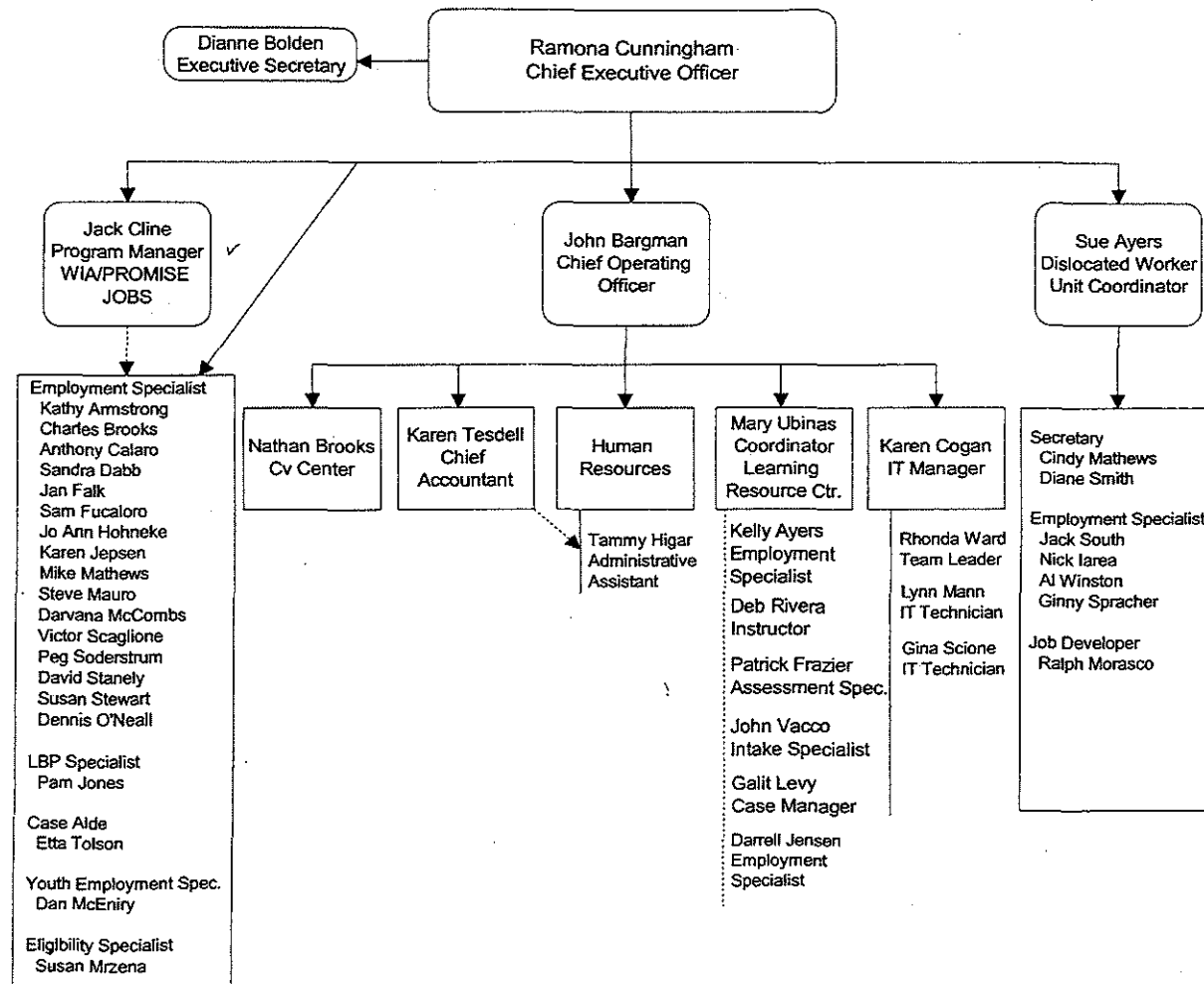
Tamera S. Kusian, CPA  
Deputy Auditor of State

**Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development**

## Appendices

**Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development**

# Central Iowa Employment and Training Consortium



Special Investigation of the  
 Central Iowa Employment and Training Consortium and  
 Iowa Workforce Development  
 Organization Chart

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



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July 01, 1998

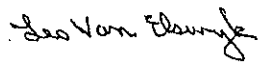
Ramona Cunningham  
CIETC  
215 Keo Way  
Des Moines, IA 50309

Dear Ramona:

The Central Iowa Employment and Training Consortium Board is pleased to award you a bonus of 10% for your performance during the past program year. Your diligence and perseverance in administering our complex programs have been greatly appreciated.

We wish you success for continued achievement of excellent performance goals.

Sincerely,

  
Leo Van Elswyk  
Consortium Chair



"The Job Training Partnership in Action"

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



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September 16, 2002

Ramona Cunningham  
CIETC  
215 Watson Powell Jr. Way  
Des Moines, IA 50309

Dear Ramona Cunningham,

On behalf of the Central Iowa Employment and Training Consortium Board, a  
\$5,000 bonus will be awarded for your additional work and success for securing  
funding for Central Iowa Employment & Training Consortium.

We wish you success for continued achievement of excellent performance.

Sincerely,

KC Vaister  
Consortium Chair



"The Job Training Partnership in Action"

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



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Polk  
Story  
Warren

June 23, 2003

Ramona Cunningham  
CIETC  
215 Watson Powell Jr. Way, 2nd Floor  
Des Moines, IA 50309-1728

RE: Recognition of Work Performance

Dear Ramona:

On behalf of the Central Iowa Employment and Training Consortium Board, I wish to congratulate you and John Bargman on the excellent work you have done over the last year that has resulted in elevating the capacity and range of services provided by CIETC. Because of both your efforts, Central Iowa Employment and Training Consortium has been able to continue to provide quality services to central Iowans, we have been able to expand the scope and quantity of training opportunities for our citizens, and we have been able to increase our funding base. In addition, you have increased the number of community organizations that are now in partnership with CIETC which in turn has provided for a more complete menu of services for our clients. Finally, during all of these client service enhancements, you have begun a successful transition to a new accounting system that will help ensure CIETC's fiscal integrity well into the future. These are outstanding accomplishments considering the economic times and the budget decreases in our programs at the State and Federal levels.

The Board would like to financially recognize these efforts. A comparison has been done on your current salary levels against similar public and private positions in the region with like responsibilities. This comparison has shown that an adjustment in salary levels is justified to the extent that it is comparable to that paid for similar work in our labor market. In addition to this comparison, consideration has been given to the number of years you each have worked in this field, the complexity of your jobs especially yours as Chief Executive and in the case of John Bargman, Chief Operating Officer, the number of disciplines (finance, information technology, human resources, grant development, project

**WIA**  
Workforce Investment Act



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments

management, and general administration) that are included in his day-to-day responsibilities. Our goal is to bring your salaries to a higher than average level that is commensurate with your experience and the responsibilities that you hold. Normally, the Board would make all of such adjustments through a permanent salary increase. However, given the volatility of the State and Federal budgets, we will recognize your efforts through a 10% annual salary increase with the remainder of the adjustments provided through the use of the Quarterly Supplemental Wage and Incentive Pay. This will allow the Board to reward your efforts while not being tied into a permanent salary situation. This provides the Board the flexibility to manage the budget and still award performance.

Beginning with Program Year 2003, each quarter a fifteen percent Quarterly Supplemental Wage and Incentive Pay is to be provided to you and John Bargman. This quarterly pay is to remain in effect as long as it is not detrimental to client services and the level of work performance remains at a high level. Annually, for each of you, your performance will be reviewed and if it is determined that your performance has fallen below its current level, the Quarterly Supplemental Wage and Incentive Pay will be terminated. The 10% annual salary increase is not to go into effect until such time after the beginning of the program year that it has been determined that the funds will be available.

As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,



Archie Brooks  
CIETC Board Chairperson

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments

PY 2003 Winter Incentive Pay

| <u>Employee Name</u> | <u>Per Cent</u> |
|----------------------|-----------------|
| Armstrong, Kathy     | 2.0%            |
| Ayers, Sue           | 2.0%            |
| Bargman, John        | 15.0%           |
| Bolden, Dianne       | 2.0%            |
| Brooks, Charles      | 2.0%            |
| Brooks, Nathan       | 2.0%            |
| Calaro, Anthony      | 2.0%            |
| Cline, Jack          | 2.0%            |
| Cogan, Karen         | 2.0%            |
| Cunningham, Ramona   | 15.0%           |
| Dabb, Sandra         | 2.0%            |
| Falk, Jan            | 2.0%            |
| Fucaloro, Sam        | 2.0%            |
| Higar, Tammy         | 2.0%            |
| Hohneke, Jo Ann      | 2.0%            |
| Jensen, Darrell      | 2.0%            |
| Jepsen, Karen        | 2.0%            |
| Jones, Pamela        | 2.0%            |
| Mann, Lynn           | 2.0%            |
| Marasco, Ralph       | 2.0%            |
| Mathews, Cindy       | 2.0%            |
| Mathews, Mike        | 2.0%            |
| Mauro, Steve         | 2.0%            |
| Mc Combs, Darvana    | 2.0%            |
| Mc Eniry, Dan        | 2.0%            |
| Norman, Sheryl       | 2.0%            |
| Scaglione, Victor    | 2.0%            |
| Scione, Gena         | 2.0%            |
| Soderstrum, Peg      | 2.0%            |
| Stanley, David       | 2.0%            |
| Stewart, Susan       | 2.0%            |
| Tesdell, Karen       | 2.0%            |
| Tolson, Etta         | 2.0% 5.0%       |
| Vigoroli, Joe        | 2.0%            |
| Ward, Rhonda         | 2.0%            |
| Winston, Al          | 2.0%            |

Approved by: Archie Brooks, Chairperson CIETC Board

Signature: 

Date: 1-7-03

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



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Warren

November 17, 2003

Ginny Spracher  
CIETC  
215 Watson Powell Jr. Way, 2<sup>nd</sup> Floor  
Des Moines, IA 50309

Dear Ginny:

The Central Iowa Employment & Training Consortium Board is pleased to award you a bonus of 2% for your performance during the past program year. Your diligence and perseverance in administering our complex programs have been greatly appreciated.

We wish you success for continued achievement of excellent performance goals.

Sincerely,

Ramona Cunningham  
Executive Director

**WIA**

Workforce Investment Act

• 12 •

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

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Mike Miller  
CIETC  
215 Watson Powell Jr. Way  
Des Moines, IA 50309

Dear Mike:

The Central Iowa Employment & Training Consortium Board is pleased to award you a bonus of \$543.00 for your performance during the past program year. Your diligence and perseverance in administering our complex programs have been greatly appreciated.

We wish you success for continued achievement of excellent performance goals.

Sincerely,

  
Ramona Cunningham  
Executive Director

Central Iowa's Workforce Development Leader

12

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

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December 3, 2003

Karen Tesdell

CIETC

215 Watson Powell Jr. Way  
Des Moines, IA 50309

Dear Karen Tesdell:

Central Iowa Employment & Training Consortium is please to award you a bonus of \$2,000.00 for the additional work that you performed setting up American Fundware. Your diligence has been greatly appreciated.

We wish you success for continued achievement of excellence.

Sincerely,

Ramona Cunningham  
Executive Director

**WIA**

Workforce Investment Act



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

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Ramona Cunningham  
CIETC  
215 Watson Powell Jr. Way, 2nd Floor  
Des Moines, IA 50309-1728

RE: Recognition of Work Performance

Dear Ramona:

Again on behalf of the Central Iowa Employment and Training Consortium Board, I wish to congratulate you and John Bargman on the excellent work you have done during 2003 that has resulted in elevating the capacity and range of services provided by CIETC. As was the case last year, during 2004 CIETC will continue to face the challenge of increasing demand for services and a decreasing availability of funds. You and John have done an outstanding job meeting those challenges in the past and the Board fully expects you to continue to do so in the future. Your efforts are critical to the success of CIETC. Because of recent efforts by other local organizations to recruit the both of you away from CIETC, effective January 19, 2004 your salary level will be increased to \$126,048 and John's will be increased to \$120,432. It is important to retain your leadership in order for CIETC to continue to provide quality services to central Iowans.

The above adjustments are a permanent salary increase and, as in the past, we will continue to recognize your efforts through the use of the Quarterly Supplemental Wage and Incentive Pay. This will allow the Board to reward your efforts while not being tied into a permanent salary situation. This provides the Board the flexibility to manage the budget and still award performance. Therefore, each quarter a fifteen percent Quarterly Supplemental Wage and Incentive Pay is to be provided to you and John Bargman. This quarterly pay is to remain in effect as long as it is not detrimental to client services and the level of work performance remains at a high level. Annually, for each of you, your performance will be reviewed and if it is determined that your performance has fallen below its current level, the Quarterly Supplemental Wage and Incentive Pay will be terminated.

Central Iowa's Workforce Development Leader

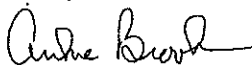
• 12

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments

As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,



Archie Brooks  
CIETC Board Chairperson

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

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215 Watson Powell Jr. Way  
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Dallas  
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Marion  
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Story  
Warren

Ramona Cunningham  
CIETC

215 Watson Powell Jr. Way, 2nd Floor  
Des Moines, IA 50309-1728

RE: Recognition of Work Performance

Dear Ramona:

On behalf of the Central Iowa Employment and Training Consortium Board, I am awarding to you and John Bargman a 15% Supplemental Wage and Incentive Pay in April for the excellent work you and John have done in regards to obtaining CIETC new office facilities. Your diligence and time commitment have provided CIETC with not only a new facility that will better meet the needs of our clients but it will be done at a cost savings to the agency. Also because of her role in working with Iowa Workforce Development on the transition plan to the new facility, I am authorizing you to give a \$2,000 Supplemental Wage and Incentive Pay to Kelly Ayers. I congratulate all of you for a job well done. Keep up the great work.

As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,

Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader

12



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

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Ramona Cunningham

CIETC

215 Watson Powell Jr. Way, 2nd Floor

Des Moines, IA 50309-1728

RE: Recognition of Work Performance

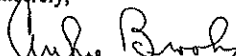
Dear Ramona:

In the past the Central Iowa Employment and Training Consortium Board has provided you and John Bargman with a salary increase and Supplemental Wage and Incentive Payments. This has been done to recognize your dedication, hard work, and your commitment to our clients. The Board believes that it is important to keep individuals working for the organization that are critical to meeting CIETC's mission. In this regards, the Board believes your compensation level needs to be at the same level or higher compared to other organizations (private and public) within the community. Therefore, in keeping with this philosophy, you are each awarded a Supplemental Wage and Incentive Payment of fifteen percent.

You and John have done an outstanding job meeting the challenges facing CIETC. Your efforts are critical to the success of CIETC. As always, annually, for each of you, your performance will be reviewed and if it is determined that your performance has fallen below its current level, the Quarterly Supplemental Wage and Incentive Pay and other Supplemental Payments will be terminated.

The Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,

  
Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
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April 30, 2004

Tony Calaro  
CIETC  
215 Watson Powell Jr. Way  
Des Moines, IA 50309

Dear Tony,

On behalf of the Central Iowa Employment and Training Consortium Board, a  
\$1,000 bonus will be awarded for your additional work and success of Job Expo  
Spring 2004.

We wish you success for continued achievement of excellent performance.

Sincerely,

Ramona Cunningham  
Executive Director

**WIA**  
Workforce Investment Act

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
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Ramona Cunningham  
CIETC

215 Watson Powell Jr. Way, 2nd Floor  
Des Moines, IA 50309-1728

RE: Semi-Annual Supplemental Wage and Incentive Pay

Dear Ramona:

On behalf of the Central Iowa Employment and Training Consortium Board, the individuals named on the attached list are to be awarded a Semi-Annual Supplemental Wage and Incentive Pay for their job performance over the last twelve months. This payment may be made in May or June of this Program Year. You and your team have done an outstanding job this program year in providing meaningful and quality services to the citizens and employers in our region. You and the staff have demonstrated a strong commitment to CIETC; I congratulate you and your team for a job well done.

As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,

Archie Brooks  
CIETC Board Chairperson

**WIA**  
Workforce Investment Act



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments

**PY 2003 Supplemental and Incentive Payments**

| <u>Employee Name</u> | <u>% Amount</u> |
|----------------------|-----------------|
| Armstrong, Kathy     | 3.0%            |
| Ayers, Sue           | 2.0%            |
| Bargman, John        | 15.0%           |
| Bolden, Dianne       | 2.0%            |
| Brooks, Charles      | 3.0%            |
| Brooks, Nathan       | 2.0%            |
| Calaro, Anthony      | 2.0%            |
| Cline, Jack          | 2.0%            |
| Cogan, Karen         | 2.0%            |
| Cunningham, Ramona   | 15.0%           |
| Dabb, Sandra         | 2.0%            |
| Falk, Jan            | 2.0%            |
| Fucaloro, Sam        | 2.0%            |
| Hohneke, Jo Ann      | 2.0%            |
| Jensen, Darrell      | 4.0%            |
| Jepsen, Karen        | 2.0%            |
| Jones, Pamela        | 2.0%            |
| Mann, Lynn           | 2.0%            |
| Marasco, Ralph       | 2.0%            |
| Mathews, Cindy       | 2.0%            |
| Mathews, Mike        | 2.0%            |
| Mauro, Steve         | 2.0%            |
| Mc Combs, Darvana    | 2.0%            |
| Mc Eniry, Dan        | 2.0%            |
| Miller, Mike         | 2.0%            |
| Ayers, Kelly         | 3.0%            |
| Scaglione, Victor    | 3.0%            |
| Sclone, Gina         | 2.0%            |
| Soderstrum, Peg      | 2.0%            |
| Spracher, Ginny      | 2.0%            |
| Stanley, David       | 3.0%            |
| Stewart, Susan       | 2.0%            |
| Tesdell, Karen       | 10.0%           |
| Tolson, Elta         | 2.0%            |
| Vigoroli, Joe        | 2.0%            |
| Kelly, Linda         | 2.0%            |
| Ubinas, Mary         | 4.0%            |
| Ward, Rhonda         | 2.0%            |
| Winston, Al          | 2.0%            |

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



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Warren

Ramona Cunningham

CIETC

215 Watson Powell Jr. Way, 2nd Floor

Des Moines, IA 50309-1728

RE: Recognition of Work Performance

Dear Ramona:

As always, on behalf of the Central Iowa Employment and Training Consortium Board, I wish to congratulate you and John Bargman on the excellent work you have done during PY 2003. During this last program year, you and John have improved the agency's WIA performance level, obtained earmark funding for the second year in a row, improved CIETC's partnerships in the community particularly with The Director's Council, enhanced CIETC's relationship with Iowa Workforce Development, and consolidated CIETC's Des Moines office locations into one location at 430 East Grand. As was the case last year, during PY 2004 CIETC will continue to face the challenge of increasing demand for services and a decreasing availability of funds. You and John have done an outstanding job meeting those challenges in the past and the Board fully expects you to continue to do so in the future. Your efforts are critical to the success of CIETC. Therefore, in order to continue to maintain your salaries at a competitive level, the Board is granting each of you an 8% increase in salary. This increase is effective July 5, 2004.

The above adjustments are a permanent salary increase and, as in the past, we will continue to recognize your efforts through the use of the Quarterly Supplemental Wage and Incentive Pay. This will allow the Board to reward your efforts while not being tied into a permanent salary situation. This provides the Board the flexibility to manage the budget and still award performance. Therefore, each quarter a fifteen percent Quarterly Supplemental Wage and Incentive Pay is to be provided to you and John Bargman. This quarterly pay is to remain in effect as long as it is not detrimental to client services and the level of work performance remains at a high level. Annually, for each of you, your performance will be reviewed and if it is determined that your performance has fallen below its current level, the Quarterly Supplemental Wage and Incentive Pay will be terminated.

I appreciate your efforts and I wish you and everyone at CIETC continued success.

Sincerely,

Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader

• 12

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

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Ramona Cunningham

CIETC

215 Watson Powell Jr. Way, 2nd Floor

Des Moines, IA 50309-1728

RE: Special Supplemental Wage and Incentive Pay

Dear Ramona:

On behalf of the Central Iowa Employment and Training Consortium Board, the following individuals [Sam Fucaloro (3%), Charles Brooks (4%), Victor Scaglione (4%)] are to be awarded a Special Supplemental Wage and Incentive Pay for their strong commitment to client services and to the CIETC organization. I congratulate you and your team for a job well done. Keep up the great work.

As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,

Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader

12

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

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|---------|--------------------------------------|
| Boone   | June 8, 2004                         |
| Dallas  |                                      |
| Jasper  | Ramona Cunningham                    |
| Madison | CIETC                                |
| Marion  |                                      |
| Polk    | 215 Watson Powell Jr. Way, 2nd Floor |
| Story   | Des Moines, IA 50309-1728            |
| Warren  |                                      |

RE: Special Supplemental Wage and Incentive Pay

Dear Ramona:

On behalf of the Central Iowa Employment and Training Consortium Board, Darrell Jensen is to be awarded a \$5,000 Special Supplemental Wage and Incentive Pay for his strong commitment to client services and to the CIETC organization. I congratulate you and your team for a job well done. Keep up the great work.

As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,

Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
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Jasper Ramona Cunningham  
Madiso CIETC  
Marion 215 Watson Powell Jr. Way, 2nd Floor  
Polk Des Moines, IA 50309-1728  
Story  
Warren

RE: Special Supplemental Wage and Incentive Pay

Dear Ramona:


I have received the final PY 2003 audit report. The report has no findings for the year and has an "Unqualified Opinion" for the Financial Statements and the Compliance with Major Programs. This is an excellent report for CIETC. This demonstrates that you and your staff have done an outstanding job in transitioning to a new system and safeguarding CIETC's funds. Therefore, on behalf of the Central Iowa Employment and Training Consortium Board, the following individuals are to be awarded a Special Supplemental Wage and Incentive Pay:

|                     |          |
|---------------------|----------|
| • Karen Tesdell     | \$10,000 |
| • Karen Cogan       | \$ 2,000 |
| • Tammy Higar       | \$ 2,000 |
| • Lynn Mann         | \$ 2,000 |
| • Gina Scione       | \$ 2,000 |
| • Rhonda Ward       | \$ 2,000 |
| • John Bargman      | \$ 7,500 |
| • Ramona Cunningham | \$ 7,500 |

I want to note that the Special Supplemental Wage and Incentive Pay for you and John Bargman is lower than you may expect, but this is because you are both receive a Quarterly Special Supplemental Wage and Incentive Pay and the next one is due to you in July.

I congratulate you and your team for a job well done. Keep up the great work. As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,

  
Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader





Special Investigation of the  
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430 E. Grand Ave.  
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Dallas

Jasper

Madison

Marion

Polk

Story

Warren

Ramona Cunningham

CIETC

430 East Grand Avenue

Des Moines, IA 50309

RE: Supplemental Wage and Incentive Pay

Dear Ramona:

As you know, the Board has recognized you and your staff's efforts through the use of the Supplemental Wage and Incentive Pay. This has allowed the Board to reward your efforts while not being tied into a permanent salary situation. This provides the Board the flexibility to manage the budget and still award performance. In reviewing the current budget situation, at this time, with a few exceptions, I do not plan on any Supplemental Wage and Incentive Pay in the 2<sup>nd</sup> quarter for staff. I will review the budget situation with you in November and make a final decision then. This decision does not impact the continuance of the fifteen percent Quarterly Supplemental Wage and Incentive Pay for you and John Bargman, which you may take your next pay at any time between now and the end of October. This quarterly pay is to remain in effect as long as it is not detrimental to client services and the level of work performance remains at a high level.

As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,

Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

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Warren

October 5, 2004

Nathan Brooks  
CIETC  
430 E. Grand Ave.  
Des Moines, IA 50309

Dear Nathan:

The Central Iowa Employment & Training Consortium Board is pleased to award you a bonus of \$960.00 for your work with the Director's Council. Your diligence and perseverance in administering our complex programs have been greatly appreciated.

We wish you success for continued achievement of excellent performance goals.

Sincerely,

Ramona Cunningham  
Executive Director

Central Iowa's Workforce Development Leader



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

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November 17, 2004

Ramona Cunningham  
CIETC  
430 East Grand Ave.  
Des Moines, IA 50309

Dear Ramona:

The Central Iowa Employment & Training Consortium Board is awarding you with a Supplemental Wage and Incentive Payment of 15% for the additional duties you performed for the Board that you would not normally do. Thank you for your hard work and dedication to our clients by providing information to our Senators and Congressmen in Washington, D.C. on behalf of the Regional Workforce Board and CIETC Board.

We wish you success for continued achievement of excellent performance goals.

Sincerely,

Archie Brooks  
Board Chair

Central Iowa's Workforce Development Leader



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

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Ramona Cunningham  
CIETC  
215 Watson Powell Jr. Way, 2nd Floor  
Des Moines, IA 50309-1728

RE: Semi-Annual Supplemental Wage and Incentive Pay

Dear Ramona:

On behalf of the Central Iowa Employment and Training Consortium Board, the individuals named on the attached list are to be awarded a Semi-Annual Supplemental Wage and Incentive Pay in December for their job performance. These awards are given and made possible because of the recent notification from Iowa Workforce Development that CIETC is being awarded \$112,188 in incentive funds for the achievement of performance goals. You and your team have done an outstanding job in providing meaningful and quality services to the citizens and employers in our region. In addition, because of the results of the annual audit that was completed, you and John Bargman are to receive an additional quarterly Supplemental Wage and Incentive Pay. You and the staff have demonstrated a strong commitment to CIETC; I congratulate you and your team for a job well done.

As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,

Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader

12

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments

PY 2004 December Supplemental and Incentive Pay

| <u>Employee Name</u> | <u>Amount</u> |
|----------------------|---------------|
| Ayers, Sue           | 2.0%          |
| Bargman, John        | 15.0%         |
| Brooks, Charles      | 4.0%          |
| Brooks, Nathan       | 2.0%          |
| Cogan, Karen         | 2.0%          |
| Cunningham, Ramona   | 15.0%         |
| Fucaloro, Sam        | 2.0%          |
| Higar, Tammy         | 4.0%          |
| Jensen, Darrell      | 4.0%          |
| Mauro, Steve         | 4.0%          |
| Ayers, Kelly         | 4.0%          |
| Scaglione, Victor    | 4.0%          |
| Tesdell, Karen       | 10.0%         |
| De Nouden, Julie     | 2.0%          |

Special Investigation of the  
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Warren

December 9, 2004

Ramona Cunningham

CIETC

430 East Grand Avenue

Des Moines, IA 50309

RE: Special Supplemental Wage and Incentive Pay

Dear Ramona:

In reviewing the events and achievements that you have made during this last calendar year I am, on behalf of the Central Iowa Employment and Training Consortium Board, awarding a Special Supplemental Wage and Incentive Pay of \$7,500 to you and John Bargman. Each of you has shown a strong commitment to client services and to the CIETC organization. I congratulate you and your team for a job well done. Keep up the great work.

Sincerely,

Archie Brooks

CIETC Board Chairperson

Central Iowa's Workforce Development Leader



Special Investigation of the  
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|         |                      |
|---------|----------------------|
| Boone   | January 4, 2005      |
| Dallas  |                      |
| Jasper  | Ramona Cunningham    |
| Madison | CIETC                |
| Marion  | 430 East Grand       |
| Polk    | Des Moines, IA 50309 |
| Story   |                      |
| Warren  |                      |

RE: Special Supplemental Wage and Incentive Pay

Dear Ramona:

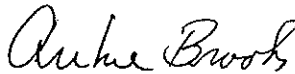
On behalf of the Central Iowa Employment and Training Consortium Board, the individuals listed below are to be awarded a Special Supplemental Wage and Incentive Pay of \$10,000 each in January 2005 for their additional work. These individuals have shown a strong commitment to client services and to the CIETC organization. I congratulate you and your team for a job well done. Keep up the great work.

As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Ramona Cunningham  
John Bargman  
Victor Scaglione  
Ralph Marasco

Karen Tesdell  
Steve Mauro  
Charles Brooks

Sincerely,

  
Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



430 E. Grand Ave.  
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Boone

Dallas

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Warren

Tammy Higar  
CIETC  
430 East Grand Ave.  
Des Moines, IA 50309

Dear Tammy:

The Central Iowa Employment & Training Consortium Board is pleased to award you a bonus of \$5,000 for your performance during the past program year. Your diligence and perseverance in administering our complex programs have been greatly appreciated.

We wish you success for continued achievement of excellent performance goals.

Sincerely,



Ramona Cunningham  
Executive Director

Central Iowa's Workforce Development Leader





Special Investigation of the  
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|         |                      |
|---------|----------------------|
| Boone   | January 31, 2005     |
| Dallas  |                      |
| Jasper  | Ramona Cunningham    |
| Madison | CIETC                |
| Marion  | 430 East Grand       |
| Polk    | Des Moines, IA 50309 |
| Story   |                      |
| Warren  |                      |

RE: Special Supplemental Wage and Incentive Pay

Dear Ramona:

On behalf of the Central Iowa Employment and Training Consortium Board, the individuals listed below are to be awarded a Special Supplemental Wage and Incentive Pay in February 2005 for their additional work. These individuals have shown a strong commitment to client services and to the CIETC organization. I congratulate you and your team for a job well done. Keep up the great work.

As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Ramona Cunningham (10%)  
John Bargman (10%)

Victor Scaglione (5%)  
Charles Brooks (5%)

Sincerely,

Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader



Special Investigation of the  
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Boone February 16, 2005  
Dallas  
Jasper  
Madison Ramona Cunningham  
Marion CIETC  
Polk 215 Watson Powell Jr. Way, 2nd Floor  
Story Des Moines, IA 50309-1728  
Warren

RE: Quarterly Supplemental Wage and Incentive Pay

Dear Ramona:

Per the employment agreements for you and John Bargman, you are authorized to receive your second Quarter Supplemental Wage and Incentive Pay (15%). As stated in the agreements, this quarterly pay is to remain in effect as long as it is not detrimental to client services and the level of work performance remains at a high level. Annually, your performance will be reviewed and if it is determined that your performance has fallen below its current level, the Quarterly Supplemental Wage and Incentive Pay will be terminated.

I congratulate you and John Bargman for a job well done. Keep up the great work. As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,



Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



430 E. Grand Ave.  
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Boone April 11, 2005  
Dallas  
Jasper  
Madison Ramona Cunningham  
Marion CIETC  
Polk 215 Watson Powell Jr. Way, 2nd Floor  
Story Des Moines, IA 50309-1728  
Warren

RE: Recognition of Work Performance

Dear Ramona:

The Central Iowa Employment and Training Consortium Board is awarding you and John Bargman with Supplemental Wage and Incentive Payment of \$10,000 each. This is being done to recognize your dedication, hard work, and your commitment to our clients and for the additional work you both have done concerning the Regional Plan. The Board believes that it is important to reward individuals for their hard work.

You and John have done an outstanding job meeting the challenges facing CIETC. Your efforts are critical to the success of CIETC.

Sincerely,

Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader

• 12

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

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430 E. Grand Ave.  
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Boone April 21, 2005

Dallas

Jasper

Madison

Marion

Polk

Story

Warren

Ramona Cunningham

CIETC

215 Watson Powell Jr. Way, 2nd Floor

Des Moines, IA 50309-1728

RE: Supplemental Wage and Incentive Pay

Dear Ramona:

On April 11, 2005, you and John Bargman received a Supplemental Wage and Incentive Pay. This fell short of the standard of 15% that is usually awarded. This was done because of budget concerns. As of today, given the status of the budget and the recent work you and John have done with the Boards, an additional \$7,500 is being awarded to each of you. As stated in the agreements, Supplemental Wage and Incentive Pay is to remain in effect as long as it is not detrimental to client services and the level of work performance remains at a high level.

I congratulate you and John Bargman for a job well done. Keep up the great work.

Sincerely,

Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



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Marion  
Polk  
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Warren

June 7, 2003

Ramona Cunningham  
Central Iowa Employment and Training Consortium  
430 E. Grand Avenue  
Des Moines, IA 50309

RE: Semi-Annual Supplemental Wage and Incentive Pay

Dear Ramona:

On behalf of the Central Iowa Employment and Training Consortium Board, the individuals named on the attached list are to be awarded a Semi-Annual Supplemental Wage and Incentive Pay in June for their job performance in connection with their work on the PROMISE JOBS program. Your PROMISE JOBS staff has done an outstanding job in providing services to our PJ clients and has taken on the additional work of implementing the FIA before FIP process. I know this has increased your workload by thousands of people per year. As always, you and your team have provided meaningful and quality services to the citizens and employers in our region. You and the staff have demonstrated a strong commitment to CIETC; I congratulate you and your team for a job well done.

As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,

Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments

PROMISE JOBS Supplementals  
June 2005

|                     |            |
|---------------------|------------|
| Bargman, John       | \$3,000.00 |
| ✓ Brooks, Charles   | \$1,000.00 |
| Cunningham, Ramona  | \$4,750.00 |
| ✓ Fucaloro, Sam     | \$1,000.00 |
| ✓ Jones, Pamela     | \$1,000.00 |
| ✓ Mauro, Steve      | \$1,000.00 |
| ✓ Scaglione, Victor | \$1,000.00 |
| ✓ Stanley, David    | \$1,000.00 |
| × Tesdell, Karen    | \$3,000.00 |

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



430 E. Grand Ave.  
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Boone June 30, 2003

Dallas

Jasper

Madison

Marion

Polk

Story

Warren

Ramona Cunningham  
Central Iowa Employment and Training Consortium  
430 E. Grand Avenue  
Des Moines, IA 50309

RE: Semi-Annual Supplemental Wage and Incentive Pay

Dear Ramona:

The Board has found itself in a unique situation of being able to reward the PROMISE JOBS staff for their hard work and dedication. Iowa Workforce Development has awarded us additional funds for the work CIETC has done on the PROMISE JOBS Program during PY 2004. With the acknowledgement of Iowa Workforce development, the Board wants to pass this award on to the staff. On behalf of the Central Iowa Employment and Training Consortium Board, the individuals named on the attached list are to be awarded a Supplemental Wage and Incentive Pay in June for their job performance in connection with their work on the PROMISE JOBS program. As I stated in a previous award letter, your PROMISE JOBS staff has done an outstanding job in providing services to our PJ clients and has taken on the additional work of implementing the FIA before FIP process. You and the staff have demonstrated a strong commitment to CIETC; I congratulate you and your team for a job well done.

As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,

Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments

**PROMISE JOBS Supplementals  
June 30, 2005**

| <u>Employee Name</u> | <u>Percent</u> |
|----------------------|----------------|
| Armstrong, Kathy     | 10%            |
| Bargman, John        | 15%            |
| Bolden, Dianne       | 10%            |
| Brooks, Charles      | 15%            |
| Calaro, Anthony      | 10%            |
| Cogan, Karen         | 15%            |
| Cunningham, Ramona   | 15%            |
| Dabb, Sandra         | 10%            |
| Falk, Jan            | 10%            |
| Fucaloro, Sam        | 15%            |
| Higar, Tammy         | 15%            |
| Hohneke, Jo Ann      | 10%            |
| Jepsen, Karen        | 10%            |
| Jones, Pamela        | 15%            |
| Mann-Hager, Lynn     | 15%            |
| Mauro, Steve         | 15%            |
| Mc Combs, Darvana    | 10%            |
| Scaglione, Victor    | 15%            |
| Scione, Gina         | 15%            |
| Soderstrum, Peg      | 15%            |
| Stanley, David       | 10%            |
| Stewart, Susan       | 10%            |
| Tesdell, Karen       | 15%            |
| Tolson, Etta         | 10%            |
| Ward, Rhonda         | 15%            |



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



430 E. Grand Ave.  
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Boone July 5, 2005

Dallas

Jasper

Madison

Marion

Polk

Story

Warren

Ramona Cunningham

CIETC

430 E. Grand Avenue

Des Moines, IA 50309

RE: Quarterly Supplemental Wage and Incentive Pay

Dear Ramona:

Per the employment agreements for you and John Bargman, you are authorized to receive your Quarter Supplemental Wage and Incentive Pay (15%). As stated in the agreements, this quarterly pay is to remain in effect as long as it is not detrimental to client services and the level of work performance remains at a high level. In the past, you and John Bargman have received additional payments. Having reviewed the PY 2005 budget, I am informing you that no additional Supplemental Wage Payments will be made beyond your quarterly payments. If the budget situation improves during the year, I may allow additional payments for you and your staff. I am also authorizing a 5% Supplemental wage payment for Karen Tesdell.

Annually, your performance will be reviewed and if it is determined that your performance has fallen below its current level, the Quarterly Supplemental Wage and Incentive Pay will be terminated.

I congratulate you and John Bargman for a job well done. Keep up the great work.

As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,

Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader

12

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



430 E. Grand Ave.  
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Marion  
Polk  
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Warren

August 2, 2005

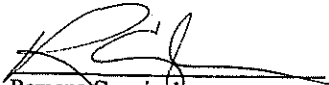
Lynn Mann  
CIETC  
430 East Grand Ave.  
Des Moines, IA 50309

Dear Lynn:

The Central Iowa Employment & Training Consortium Board is pleased to award you a bonus of \$4,000 for your performance during the past program year. Your diligence and perseverance in administering our complex programs have been greatly appreciated.

We wish you success for continued achievement of excellent performance goals.

Sincerely,



Ramona Cunningham  
Executive Director

Central Iowa's Workforce Development Leader

12

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



430 E. Grand Ave.  
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Boone August 19, 2005  
Dallas  
Jasper Ramona Cunningham  
Madison CIETC  
Marion 430 E. Grand Avenue  
Polk Des Moines, IA 50309  
Story  
Warren

RE: Quarterly Supplemental Wage and Incentive Pay

Dear Ramona:

Per the employment agreements for you and John Bargman, you are authorized to receive your fourth calendar Quarter Supplemental Wage and Incentive Pay (15%). Per your request, this payment may be made starting this month. As stated in the agreements, this quarterly pay is to remain in effect as long as it is not detrimental to client services and the level of work performance remains at a high level. Annually, your performance will be reviewed and if it is determined that your performance has fallen below its current level, the Quarterly Supplemental Wage and Incentive Pay will be terminated.

As always, the Board appreciates the efforts of all of the CIETC staff and we wish everyone continued success.

Sincerely,

Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader




Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments

August 26, 2005

In recognition of a successful audit review by the Office Inspector General and additional  
duties for NEG for the Maytag workers in Newton and a successful 2004/05 year.

Is entitled to a \$4,200.00 bonus payable at the next pay period September 2

  
Archie Brooks  
Chairperson

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



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Marion  
Polk  
Story  
Warren

September 22, 2005

Gina Scione  
CIETC  
430 East Grand Ave.  
Des Moines, IA 50309

Dear Gina:

The Central Iowa Employment & Training Consortium Board is pleased to award you a bonus of \$1,700 for your performance during the past program year. Your diligence and perseverance in administering our complex programs have been greatly appreciated.

We wish you success for continued achievement of excellent performance goals.

Sincerely,

Ramona Cunningham  
Executive Director

Central Iowa's Workforce Development Leader



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



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Dallas

Jasper

Madison

Marion

Polk

Story

Warren

October 6, 2005

Kathy Armstrong  
CIETC  
430 East Grand Ave.  
Des Moines, IA 50309

Dear Kathy:

The Central Iowa Employment & Training Consortium Board is pleased to award you a bonus of \$3,000 for your performance during the past program year. Your diligence and perseverance in administering our complex programs have been greatly appreciated.

We wish you success for continued achievement of excellent performance goals.

Sincerely,

Ramona Cunningham  
Executive Director

Central Iowa's Workforce Development Leader

12

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letters Authorizing Supplemental Payments



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Marion  
Polk  
Story  
Warren

October 27, 2005

Ramona Cunningham  
CIETC  
430 East Grand Avenue  
Des Moines, IA 50309

RE: Semi-Annual Supplemental Wage and Incentive Pay

Dear Ramona:

In reviewing the events and achievements that you have made during this last calendar year I am, on behalf of the Central Iowa Employment and Training Consortium Board, awarding a Semi-annual Supplemental Wage and Incentive Pay of 15% to you and John Bargman. The incentive pay may be taken at any time between November 1 and January 31, 2006.

Each of you has shown a strong commitment to client services and to the CIETC organization. I congratulate you and your team for a job well done. Keep up the great work.

Sincerely,

  
Archie Brooks  
CIETC Board Chairperson

Central Iowa's Workforce Development Leader



**Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development**



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Employment Agreement – Chief Executive Officer

Original  
12/2005

Employment Agreement between Central Iowa Employment and Training Consortium  
(CIETC)  
And  
Ramona Cunningham, Chief Executive Officer (CEO)

One of the most important jobs, yet also one of the most difficult, is to run a public agency well and to run it with minimal liability. Leading a public agency today seems to continuously get harder and harder requiring a multitude of skills from information technology to human resources to project development to working through the political arena. Therefore, it is critical to have highly qualified and experienced management and staff. Meeting the demands of today's changing environment requires building and retaining a loyal and motivated staff. However, finding and keeping quality employees can pose a challenge. The Board recognizes that today's workers are no longer inclined to stay with one employer for the duration of their careers. The most talented professionals often are courted by other employers, and the effects of turnover can be costly. The time and money it takes to recruit, rehire and retain can quickly cause major problems for an agency. The intent of this agreement is to provide a high level of compensation that mirrors what is provided in the private sector in exchange for loyalty to the agency and for meeting performance and leadership expectations. In determining an overall package of compensation; local, state, and federal compensation systems were examined with the aim of being competitive with the public and private sectors. The Board strongly believes that multi-function positions, loyalty, and excellent performance deserve the highest possible reward.

The philosophy behind this payment system is built on the current practices of the private and public sector some of which were 'borrowed' from work done by the Congressional Management Foundation on behalf of Congress and from the Federal Office of Personnel Management. In general, this agreement attempts to recognize outstanding work for a specific and usually short-term project and to recognize overall performance over the program year period. Payments issued several times a year are meant to reinforce desired behavior. The Board has always held the position that outstanding staff accomplishments or extraordinary efforts deserve monetary reward but do not warrant permanent salary increases. In addition, the Board believes that in general, unlike private sector employees, when public sector staff work effectively they do not generate more revenue for the operation. Instead, they create more work for themselves. If this additional work is not rewarded with additional pay of some kind, then there is a concern that hard work is not only 'not rewarded', it is punished. Such a conclusion obviously does not contribute to the morale or productivity of the agency.

This system of payments, besides recognizing performance, is designed to demand and recognize leadership within the agency and community. The Board feels that a chief executive must demonstrate the following four attributes in order to provide the appropriate character-based leadership for CIETC:

- The judgment to know the right thing to do;
- The integrity to do it;
- The character to stand up to those who don't; and
- The courage to stop those who won't.

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Employment Agreement – Chief Executive Officer

Finally, this system of payments is being used because of the Board's desire to expand the scope and purpose of CIETC. It has been the Board's intent to grow beyond the traditional WIA and PROMISE JOBS programming and, if feasible, also to begin a private-for-profit initiative to assist with the training and placement of CIETC's clientele. The Board believes that this level of compensation is necessary because of the complexity and long-term planning required to start such an initiative.

Based on the philosophy outlined above and based on the occupational wage information provided by Iowa Workforce Development, this Employment Agreement establishes a salary level that is consistent with the salary of an experienced chief executive. It also provides for a system of supplemental payments and non-cash provisions that are intended to encourage you to remain with CIETC and to recognize and reward your performance. As always, this system of compensation will be reviewed annually and may be adjusted as necessary either through a new Employment Agreement or a modification to the existing agreement.

Therefore, for good consideration, CIETC employs Ramona Cunningham as the Chief Executive Officer (CEO) on the following terms and conditions:

1. **Term of Employment** - This agreement will be in effect upon the date of signature and shall remain in effect until terminated under the provisions for termination set forth below.
2. **Salary** - CIETC shall pay the CEO a base annual salary of \$186,908 for the services of the CEO, payable on a bi-weekly basis. The base salary shall be set each July by the CIETC Board Chairperson. In addition to the base salary, the CEO shall receive a Quarterly Supplemental Wage and Incentive Pay. Each Quarterly Supplemental Pay can not exceed the percentage allowed under CIETC's personnel policy. The Quarterly Supplemental Pay will allow the Board to reward your efforts while not being tied into a permanent salary situation. This provides the Board the flexibility to manage the budget and still award work performance. Each quarter, the Supplemental Pay shall only be paid after written authorization from the CIETC Board Chairperson. This quarterly pay is to remain in effect as long as it is not detrimental to client services and the level of work performance remains at a high level. Based on performance, other Supplemental Pays may be given.

Annually, your performance will be reviewed and if it is determined that your performance has fallen below its current level, the Quarterly Supplemental Wage and Incentive Pay will be terminated.

3. **Duties and Position** - CIETC hires Ramona Cunningham in the capacity of Chief Executive Officer and the CEO's duties may be reasonably modified at CIETC's discretion from time to time.

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Employment Agreement – Chief Executive Officer

The Chief Executive Officer shall be responsible for:

- a. Coordination of all staff and consultant services provided to the Consortium, the Regional Workforce Investment Board, their Executive Committees and advisory committees.
  - b. Preparing and administering the annual work program and budget.
  - c. Employing, retaining and removing all personnel and setting the salary of all personnel as deemed necessary within the limits of the budget and policy established by the Consortium.
  - d. Performing all other duties delegated by the Consortium or Board Chairperson.
  - e. The Chief Executive Officer shall, in the absence of the Chairperson, represent the Consortium or Executive Committee before any public agency or public officer. Toward this end, the Chief Executive Officer shall make official recommendations in accordance with policies set forth by the Consortium. Where there is an obvious conflict of interest, public controversy or uncertainty as to the approved plan, policies or procedures, presentation of the matter shall receive prior approval by the Consortium, Chairperson, or Vice Chairperson. The Chief Executive Officer shall have the authority, within limits of policy as formulated by the Consortium, to conduct a program of public relations and to execute documents in the name of the Consortium.
  - f. The Chief Executive Officer shall inform the Consortium Chairperson of any policy amendments or revisions. The Chairperson shall determine if the policy amendments or recommendations will go to the full Consortium for review. The Chief Executive Officer shall exercise discretion in the interpretation of policies and procedures as provided for by the Consortium Agreement and Bylaws.
4. **Devote Full Time to CIETC** - The CEO shall devote full time, attention, and energies to the business of CIETC, and, during this employment, will not engage in any other work activity, regardless of whether such activity is pursued for profit, gain, or other pecuniary advantage. The CEO is not prohibited from making personal investments in any businesses provided those investments do not require active involvement in the operation of said companies.
5. **Confidentiality of Proprietary Information** - The CEO agrees, during or after the term of this employment, not to reveal confidential information to any person, firm, corporation, or entity. Should the CEO reveal or threaten to reveal this information, CIETC shall be entitled to an injunction restraining the CEO from disclosing same, or from rendering any services to any entity to whom said information has been or is threatened to be disclosed, the right to secure an injunction is not exclusive, and CIETC

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Employment Agreement – Chief Executive Officer

may pursue any other remedies it has against the CEO for a breach or threatened breach of this condition, including the recovery of damages from the CEO.

6. **Reimbursement of Expenses** - The CEO may incur reasonable expenses for furthering CIETC's business, including expenses for meals, travel, and similar items. The Company shall reimburse the CEO for all business expenses after the CEO presents an itemized account of expenditures, pursuant to CIETC's personnel policy. All such reimbursement must be allowable under local, State, and Federal laws and regulations.
7. **Paid Time Off** - Paid Time Off (PTO), including holidays and Personal Days, shall be in accordance with CIETC's personnel policy. Because of the work requirements of the position, at the CEO's discretion and workload, the CEO will earn an additional 16 hours of personal time off each month with pay.
8. **Disability** - In the event that the CEO cannot perform her duties because of illness or incapacity for a period of more than eight weeks, the compensation otherwise due during said illness or incapacity will be reduced by seventy-five percent (75%). No Supplemental Pay may be paid during this time period. The CEO's full compensation will be reinstated upon return to work. However, if the Employee is absent from work for any reason for a continuous period of over three months, CIETC may terminate the CEO's employment, and CIETC's obligations under this agreement will cease on that date.
9. **Termination of Employment** - Without cause, CIETC may terminate this agreement at any time upon 30 days written notice to the CEO. If CIETC requests, the CEO will continue to perform her duties and, with the exception of Supplemental Pay, will be paid her regular base salary up to the date of termination contained in the written notice. In addition, CIETC will pay the CEO on the last day of employment a severance allowance of 15% of her annual base salary less taxes, IPERS and social security that are required to be withheld.

Without cause, the CEO may terminate employment upon 30 days' written notice to CIETC. The CEO may be required to perform her duties and will be paid the regular base salary including Supplemental pay to the date of termination in the written notice but shall not receive a severance allowance.

Notwithstanding anything to the contrary contained in this agreement, CIETC may terminate the CEO's employment upon a minimum of 14 days' notice to the CEO should any of the following events occur:

- a. A finding of substantial disallowed costs under an audit or Federal or State monitoring review, or
- b. The CIETC Board decision to terminate its 28E Agreement and liquidate its assets; or
- c. The merger or consolidation of CIETC with another organization.

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Employment Agreement – Chief Executive Officer

10. **Death Benefit** - Should the CEO die during the term of employment, CIETC shall pay to CEO's estate any compensation due through the end of the month in which death occurred.
11. **Assistance in Litigation** - The CEO shall upon reasonable notice, furnish such information and proper assistance to CIETC as it may reasonably require in connection with any litigation in which it is, or may become, a party either during or after employment.
12. **Effect of Prior Agreements** - This Agreement supersedes any prior agreement between CIETC or any predecessor of CIETC and the CEO, except that this agreement shall not affect or operate to reduce any benefit or compensation inuring to the CEO of a kind elsewhere provided and not expressly provided in this agreement.
13. **Settlement by Arbitration** - Any claim or controversy that arises out of or relates to this agreement, or the breach of it, shall be settled by arbitration in accordance with the laws and rules of the State of Iowa. Judgment upon the award rendered may be entered in any court with jurisdiction.
14. **Limited Effect of Waiver by Company** - Should CIETC waive breach of any provision of this agreement by the CEO, that waiver will not operate or be construed as a waiver of further breach by the CEO.
15. **Severability** - If, for any reason, any provision of this agreement is held invalid, all other provisions of this agreement shall remain in effect. If this agreement is held invalid or cannot be enforced, then to the full extent permitted by law any prior agreement between CIETC (or any predecessor thereof) and the CEO shall be deemed reinstated as if this agreement had not been executed.
16. **Assumption of Agreement by CIETC's Successors and Assignees** - CIETC's rights and obligations under this agreement will inure to the benefit and be binding upon CIETC's successors and assignees including the signatory entities of the Consortium's 28E Agreement.
17. **Oral Modifications Not Binding** - This instrument is the entire agreement of CIETC and the CEO; Oral changes have no effect. It may be altered only by a written agreement signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

Signed this 8 day of Sep 2005

  
\_\_\_\_\_  
CIETC Board Chairperson

  
\_\_\_\_\_  
Chief Executive Officer

**Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development**

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Employment Agreement – Chief Operating Officer

Original  
PT 2005

Employment Agreement between Central Iowa Employment and Training Consortium  
(CIETC)

And

John Bargman, Chief Operating Officer

One of the most important jobs, yet also one of the most difficult, is to run a public agency well and to run it with minimal liability. Leading a public agency today seems to continuously get harder and harder requiring a multitude of skills from information technology to human resources to project development to working through the political arena. Therefore, it is critical to have highly qualified and experienced management and staff. Meeting the demands of today's changing environment requires building and retaining a loyal and motivated staff. However, finding and keeping quality employees can pose a challenge. The Board recognizes that today's workers are no longer inclined to stay with one employer for the duration of their careers. The most talented professionals often are courted by other employers, and the effects of turnover can be costly. The time and money it takes to recruit, rehire and retain can quickly cause major problems for an agency. The intent of this agreement is to provide a high level of compensation that mirrors what is provided in the private sector in exchange for loyalty to the agency and for meeting performance and leadership expectations. In determining an overall package of compensation; local, state, and federal compensation systems were examined with the aim of being competitive with the public and private sectors. The Board strongly believes that multi-function positions, loyalty, and excellent performance deserve the highest possible reward.

The philosophy behind this payment system is built on the current practices of the private and public sector some of which were 'borrowed' from work done by the Congressional Management Foundation on behalf of Congress and from the Federal Office of Personnel Management. In general, this agreement attempts to recognize outstanding work for a specific and usually short-term project and to recognize overall performance over the program year period. Payments issued several times a year are meant to reinforce desired behavior. The Board has always held the position that outstanding staff accomplishments or extraordinary efforts deserve monetary reward but do not warrant permanent salary increases. In addition, the Board believes that in general, unlike private sector employees, when public sector staff work effectively they do not generate more revenue for the operation. Instead, they create more work for themselves. If this additional work is not rewarded with additional pay of some kind, then there is a concern that hard work is not only 'not rewarded', it is punished. Such a conclusion obviously does not contribute to the morale or productivity of the agency.

This system of payments, besides recognizing performance, is designed to demand and recognize leadership within the agency and community. The Board feels that a chief executive must demonstrate the following four attributes in order to provide the appropriate character-based leadership for CIETC:

- The judgment to know the right thing to do;
- The integrity to do it;
- The character to stand up to those who don't; and
- The courage to stop those who won't.

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Employment Agreement – Chief Operating Officer

Finally, this system of payments is being used because of the Board's desire to expand the scope and purpose of CIETC. It has been the Board's intent to grow beyond the traditional WIA and PROMISE JOBS programming and, if feasible, also to begin a private-for-profit initiative to assist with the training and placement of CIETC's clientele. The Board believes that this level of compensation is necessary because of the complexity and long-term planning required to start such an initiative.

Based on the philosophy outlined above and based on the occupational wage information provided by Iowa Workforce Development, this Employment Agreement establishes a salary level that is consistent with the salary of an experienced chief executive. It also provides for a system of supplemental payments and non-cash provisions that are intended to encourage you to remain with CIETC and to recognize and reward your performance. As always, this system of compensation will be reviewed annually and may be adjusted as necessary either through a new Employment Agreement or a modification to the existing agreement.

Therefore, for good consideration, CIETC employs the John Bargman as Chief Operating Officer (COO) on the following terms and conditions:

1. **Term of Employment** - This agreement will be in effect upon the date of signature and shall remain in effect until terminated under the provisions for termination set forth below.
2. **Salary** - CIETC shall pay the COO a base annual salary of \$183,788 for the services of the COO, payable on a bi-weekly basis. The base salary shall be set each July by the CIETC Board Chairperson. In addition to the base salary, the COO shall receive a Quarterly Supplemental Wage and Incentive Pay. Each Quarterly Supplemental Pay can not exceed the percentage allowed under CIETC's personnel policy. The Quarterly Supplemental Pay will allow the Board to reward your efforts while not being tied into a permanent salary situation. This provides the Board the flexibility to manage the budget and still award work performance. Each quarter, the Supplemental Pay shall only be paid after written authorization from the CIETC Board Chairperson. This quarterly pay is to remain in effect as long as it is not detrimental to client services and the level of work performance remains at a high level. Based on performance, other Supplemental Pays may be given.  
  
Annually, your performance will be reviewed and if it is determined that your performance has fallen below its current level, the Quarterly Supplemental Wage and Incentive Pay will be terminated.
3. **Duties and Position** - CIETC hires John Bargman in the capacity of Chief Operating Officer and the COO's duties may be reasonably modified at CIETC's discretion from time to time. The Chief Operating Officer shall be responsible for:



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Employment Agreement – Chief Operating Officer

- a. Overseeing all staff activity in the Accounting, Information Technology and Special Projects Departments including the supervision of the work of the Chief Accountant, Assistant Accountant, IT Manager, and Special Project Coordinators.
  - b. Preparing and overseeing the annual budget and expenditures.
  - c. Performing as Project Director for all special projects.
  - d. Assisting the Chief Executive Officer with the CIETC and RWIB Boards.
  - e. Complete federal financial and narrative reports. Performing all other duties delegated by the Chief Executive Officer.
  - f. During an absence by the Chief Executive Officer, the Chief Operating Officer will act on the behalf of the Chief Executive Officer.
4. **Devote Full Time to CIETC** - The COO shall devote full time, attention, and energies to the business of CIETC, and, during this employment, will not engage in any other work activity, regardless of whether such activity is pursued for profit, gain, or other pecuniary advantage. The COO is not prohibited from making personal investments in any businesses provided those investments do not require active involvement in the operation of said companies.
5. **Confidentiality of Proprietary Information** - The COO agrees, during or after the term of this employment, not to reveal confidential information to any person, firm, corporation, or entity. Should the COO reveal or threaten to reveal this information, CIETC shall be entitled to an injunction restraining the COO from disclosing same, or from rendering any services to any entity to whom said information has been or is threatened to be disclosed, the right to secure an injunction is not exclusive, and CIETC may pursue any other remedies it has against the COO for a breach or threatened breach of this condition, including the recovery of damages from the COO.
6. **Reimbursement of Expenses** - The COO may incur reasonable expenses for furthering CIETC's business, including expenses for meals, travel, and similar items. The Company shall reimburse the COO for all business expenses after the COO presents an itemized account of expenditures, pursuant to CIETC's personnel policy. All such reimbursement must be allowable under local, State, and Federal laws and regulations.
7. **Paid Time Off** - Paid Time Off (PTO), including holidays and Personal Days, shall be in accordance with CIETC's personnel policy. Because of the work requirements of the position, at the COO's discretion and workload, the COO may take an additional 16 hours of personal time off each month with pay.
8. **Disability** - In the event that the COO cannot perform his duties because of illness or incapacity for a period of more than eight weeks, the compensation otherwise due during said illness or incapacity will be reduced by seventy-five percent (75%). No

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Employment Agreement – Chief Operating Officer

Supplemental Pay may be paid during this time period. The COO's full compensation will be reinstated upon return to work. However, if the Employee is absent from work for any reason for a continuous period of over three months, CIETC may terminate the COO's employment, and CIETC's obligations under this agreement will cease on that date.

9. **Termination of Employment** - Without cause, CIETC may terminate this agreement at any time upon 30 days written notice to the COO. If CIETC requests, the COO will continue to perform his duties and, with the exception of Supplemental Pay, will be paid his regular base salary up to the date of termination contained in the written notice. In addition, CIETC will pay the COO on the last day of employment a severance allowance of 15% of his annual base salary less taxes, IPERS and social security that are required to be withheld.

Without cause, the COO may terminate employment upon 30 days' written notice to CIETC. The COO may be required to perform his duties and will be paid the regular base salary including Supplemental pay to the date of termination in the written notice but shall not receive a severance allowance.

Notwithstanding anything to the contrary contained in this agreement, CIETC may terminate the COO's employment upon a minimum of 14 days' notice to the COO should any of the following events occur:

- a. A finding of substantial disallowed costs under an audit or Federal or State monitoring review, or
  - b. The CIETC Board decision to terminate its 28E Agreement and liquidate its assets; or
  - c. The merger or consolidation of CIETC with another organization.
10. **Death Benefit** - Should the COO die during the term of employment, CIETC shall pay to COO's estate any compensation due through the end of the month in which death occurred.
11. **Assistance in Litigation** - The COO shall upon reasonable notice, furnish such information and proper assistance to CIETC as it may reasonably require in connection with any litigation in which it is, or may become, a party either during or after employment.
12. **Effect of Prior Agreements** - This Agreement supersedes any prior agreement between CIETC or any predecessor of CIETC and the COO, except that this agreement shall not affect or operate to reduce any benefit or compensation inuring to the COO of a kind elsewhere provided and not expressly provided in this agreement.


Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Employment Agreement – Chief Operating Officer

13. **Settlement by Arbitration** - Any claim or controversy that arises out of or relates to this agreement, or the breach of it, shall be settled by arbitration in accordance with the laws and rules of the State of Iowa. Judgment upon the award rendered may be entered in any court with jurisdiction.
14. **Limited Effect of Waiver by Company** - Should CIETC waive breach of any provision of this agreement by the COO, that waiver will not operate or be construed as a waiver of further breach by the COO.
15. **Severability** - If, for any reason, any provision of this agreement is held invalid, all other provisions of this agreement shall remain in effect. If this agreement is held invalid or cannot be enforced, then to the full extent permitted by law any prior agreement between CIETC (or any predecessor thereof) and the COO shall be deemed reinstated as if this agreement had not been executed.
16. **Assumption of Agreement by CIETC's Successors and Assignees** - CIETC's rights and obligations under this agreement will inure to the benefit and be binding upon CIETC's successors and assignees including the signatory entities of the Consortium's 28E Agreement.
17. **Oral Modifications Not Binding** - This instrument is the entire agreement of CIETC and the COO. Oral changes have no effect. It may be altered only by a written agreement signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

Signed this 8 day of Sep 2005

  
\_\_\_\_\_  
CIETC Board Chairperson

  
\_\_\_\_\_  
Chief Operating Officer

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Employment Agreement – Chief Accountant

Original  
PI 2005

**Employment Agreement between Central Iowa Employment and Training Consortium  
(CIETC)  
And  
Karen Tesdell, Chief Accountant**

For good consideration, CIETC employs the Karen Tesdell as Chief Accountant on the following terms and conditions:

1. **Term of Employment** - This agreement will be in effect upon the date of signature and shall remain in effect until June 30, 2006 or until it is terminated under the provisions for termination set forth below.
2. **Salary** - CIETC shall pay the Chief Accountant (CA) a base annual salary of \$94,286 for services, payable on a bi-weekly basis. Annually, your performance will be reviewed and if it is determined that your performance has fallen below its current level, this agreement may be terminated.
3. **Duties and Position** - CIETC hires Karen Tesdell in the capacity of Chief Accountant and the CA's duties may be reasonably modified at CIETC's discretion from time to time. The Chief Accountant shall be responsible for:
  - a. Preparing and submitting Financial Status Reports to the State;
  - b. Preparing financial report for the CIETC Board;
  - c. Maintaining CIETC's capital asset inventory;
  - d. Assisting the Chief Operating Officer with budget and federal financial reports;
  - e. Conducting a monthly account analysis and making adjusting entries as needed;
  - f. Performing monthly bank reconciliation;
  - g. Preparing monthly, quarterly, and annual payroll tax reports;
  - h. Preparing and making payroll taxes via the EFT system and eFile;
  - i. Administering the rent, janitorial, insurance, and telephone expenses;
  - j. Authorizing, after IWD approval, Fiscal Agent payments and tracking of IWD local expenses;
  - k. Performing all other duties delegated by the Chief Operating Officer; and
1. During an absence by the Chief Operating Officer, the Chief Accountant will act on the behalf of the Chief Operating Officer.

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Employment Agreement – Chief Accountant

4. **Devote Full Time to CIETC** - The CA shall devote full time, attention, and energies to the business of CIETC, and, during this employment, will not engage in any other work activity, regardless of whether such activity is pursued for profit, gain, or other pecuniary advantage. The CA is not prohibited from making personal investments in any businesses provided those investments do not require active involvement in the operation of said companies.
5. **Confidentiality of Proprietary Information** - The CA agrees, during or after the term of this employment, not to reveal confidential information to any person, firm, corporation, or entity. Should the CA reveal or threaten to reveal this information, CIETC shall be entitled to an injunction restraining the CA from disclosing same, or from rendering any services to any entity to whom said information has been or is threatened to be disclosed, the right to secure an injunction is not exclusive, and CIETC may pursue any other remedies it has against the CA for a breach or threatened breach of this condition, including the recovery of damages from the CA.
6. **Reimbursement of Expenses** - CIETC shall reimburse the CA for all business expenses after the CA presents an itemized account of expenditures, pursuant to CIETC's personnel policy. All such reimbursement must be allowable under local, State, and Federal laws and regulations.
7. **Paid Time Off** - Paid Time Off (PTO), including holidays and Personal Days, shall be in accordance with CIETC's personnel policy.
8. **Termination of Employment** - Without cause, CIETC may terminate this agreement at any time upon 30 days written notice to the CA. If CIETC requests, the CA will continue to perform her duties and, with the exception of Supplemental Pay, will be paid her regular base salary up to the date of termination contained in the written notice.

Without cause, the CA may terminate employment upon 30 days' written notice to CIETC. The CA may be required to perform her duties and will be paid the regular base salary excluding Supplemental pay to the date of termination in the written notice.

Notwithstanding anything to the contrary contained in this agreement, CIETC may terminate the CA's employment upon a minimum of 14 days' notice to the CA should any of the following events occur:

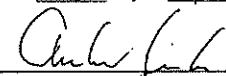
- a. A finding of substantial disallowed costs under an audit or Federal or State monitoring review, or
  - b. The CIETC Board decision to terminate its 28E Agreement and liquidate its assets; or
  - c. The merger or consolidation of CIETC with another organization.
9. **Death Benefit** - Should the CA die during the term of employment, CIETC shall pay to CA's estate any compensation due through the end of the month in which death occurred.

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Employment Agreement – Chief Accountant

10. **Assistance in Litigation** - The CA shall upon reasonable notice, furnish such information and proper assistance to CIETC as it may reasonably require in connection with any litigation in which it is, or may become, a party either during or after employment.
11. **Effect of Prior Agreements** - This Agreement supersedes any prior agreement between CIETC or any predecessor of CIETC and the CA, except that this agreement shall not affect or operate to reduce any benefit or compensation inuring to the CA of a kind elsewhere provided and not expressly provided in this agreement.
12. **Settlement by Arbitration** - Any claim or controversy that arises out of or relates to this agreement, or the breach of it, shall be settled by arbitration in accordance with the laws and rules of the State of Iowa. Judgment upon the award rendered may be entered in any court with jurisdiction.
13. **Limited Effect of Waiver by Company** - Should CIETC waive breach of any provision of this agreement by the CA, that waiver will not operate or be construed as a waiver of further breach by the CA.
14. **Severability** - If, for any reason, any provision of this agreement is held invalid, all other provisions of this agreement shall remain in effect. If this agreement is held invalid or cannot be enforced, then to the full extent permitted by law any prior agreement between CIETC (or any predecessor thereof) and the CA shall be deemed reinstated as if this agreement had not been executed.
15. **Assumption of Agreement by CIETC's Successors and Assignees** - CIETC's rights and obligations under this agreement will inure to the benefit and be binding upon CIETC's successors and assignees including the signatory entities of the Consortium's 28E Agreement.
16. **Oral Modifications Not Binding** - This instrument is the entire agreement of CIETC and the CA. Oral changes have no effect. It may be altered only by a written agreement signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

Signed this 28 day of Sep 2005

  
CIETC Board Chairperson

  
Chief Accountant

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Letter to Polk County

  
CENTRAL IOWA EMPLOYMENT  
& TRAINING CONSORTIUM  
430 E. Grand Ave.  
Des Moines, Iowa 50309-1920  
Tel. (515) 281-9700

Serving:  
City of Des Moines  
Counties of:

Boone July 29, 2004  
Dallas  
Jasper  
Madison

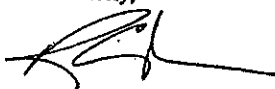
Marion Polk County Board of Supervisors  
Polk Polk County Administration Building  
Story Second and Court Avenues  
Warren Des Moines, Iowa 50309

Dear Honorable County Supervisors:

Central Iowa Employment and Training Consortium (CIETC) is requesting from Polk County \$250,000 to assist with maintaining the existing infrastructure of the CIETC One-Stop and Dislocated Worker System in Polk County. This request is necessary because of the drastic Department of Labor budget reductions that we and our partners have experienced this year and that are projected for the next twelve months. This request is being made to Polk County and the other Consortium members with the amounts requested to each member based upon population. This funding will allow the Consortium to maintain the existing infrastructure that will allow CIETC to continue to provide valuable services to the citizens of Polk County.

CIETC and its partners will appreciate your favorable response to this request. If you have any questions or need additional information, please do not hesitate to contact me. I may be reached at 281-9728.

Sincerely,

  
Ramona Cunningham  
Executive Director

Central Iowa's Workforce Development Leader

Cu  
r

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copies of Grant Agreement with Polk County and Resolution

RESOLUTION

MOVED by Hockensmith SECONDED by Connolly  
that the following Resolution be adopted:

WHEREAS, Polk County resides in the territorial area known as Workforce Investment Region Eleven (XI) and is a current member of the Central Iowa Employment and Training Consortium (CIETC), which represents this service delivery area, and;

WHEREAS, CIETC under the Workforce Investment Act (WIA) acts as a grant recipient, administers the local training plan, and provides services under the local training plan, and;

WHEREAS, CIETC is requesting \$250,000 from Polk County to assist with maintaining the existing infrastructure of the CIETC One-Stop and Dislocated Worker System in Polk County, and;

WHEREAS, it is the desire of the Polk County Board of Supervisors to be able to provide support to CIETC in order to ensure the continuation of this service.

NOW, THEREFORE, BE IT RESOLVED that the Polk County Board of Supervisors hereby awards a grant in the amount of \$250,000 to CIETC for the CIETC One-Stop and Dislocated Worker System.

POLK COUNTY BOARD OF SUPERVISORS

John F. Mauro  
Chairman

SUBMITTED BY:

Sue Elliott  
Sue Elliott  
Board Staff Assistant

FY04 # 1373

Fiscal Impact: \$250,000 from the Economic Development Fund.

| ROLL CALL<br>FOR ALLOWANCE              |   |
|---|---|
| DEC 14 '04                              |   |
| E.J. Giovannetti                        | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| Tom Hockensmith                         | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| Robert Brownell                         | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| Angela Connolly                         | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| John F. Mauro                           | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| Yea <input checked="" type="checkbox"/> | Nay <input type="checkbox"/>  |
| Above tabulation made by <u>JD</u>      |   |
| ALLOWED                                 |   |
| BY ABOVE VOTE OF BOARD                  |   |
| <u>John F. Mauro</u><br>CHAIRPERSON     |   |



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development


Copy of Grant Agreement with Polk County and Resolution

**AWARD  
OF A  
NOT-TO-EXCEED  
AMOUNT**

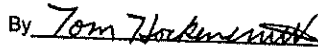
The Central Iowa Employment and Training Council ("CIETC"), of Des Moines, Polk County, Iowa delivers educational and employment programs to eligible residents of Polk County and others through an existing multi-county 28E Agreement dated June 2001.

1. This is an agreement to provide a lump sum payment an amount not to exceed \$250,000.00 for the One-Stop and Dislocated Worker System in Polk County.
2. The funds are to train and offer employment support services to unemployed and underemployed persons in Central Iowa.
3. None of the other terms of the 28E Agreement establishing the CIETC entity are modified by this award. This award is based on the 28E contribution formula.
4. Monies authorized for this agreement will be spent in Polk County, Iowa.
5. The request for this payment is dated July 29, 2004 and a copy of the request is attached.

**CENTRAL IOWA EMPLOYMENT AND  
TRAINING COUNCIL (CIETC)**

By   
Ramona Cunningham, Exec Director

**POLK COUNTY BOARD OF  
SUPERVISORS:**

By   
Tom Hockensmith, Chairperson

**Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development**

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copy of E-mails Regarding Additional Funding

Kelly  
Taylor/CAS/IWD/EXECUTIVE  
/IOWA/US

01/11/2005 11:41 AM

To Zakia Hussain/WA/IWD/EXECUTIVE/IOWA/US@IOWA

cc

bcc

Subject Re: Region 11 PJ dollars

Per Jane Barto, we need to add that money now. Please increase the budget page, PJ Basic funds, by \$75,000 and note the change on the cover page, along with your comment about revised language for PJ Life Skills. Thanks

Zakia Hussain/WA/IWD/EXECUTIVE/IOWA/US

Zakia  
Hussain/WA/IWD/EXECUTIV  
E/IOWA/US

01/11/2005 11:39 AM

To Kelly Taylor/CAS/IWD/EXECUTIVE/IOWA/US@IOWA

cc Anthony A. Dietsch/WA/IWD/EXECUTIVE/IOWA/US@IOWA

Subject Region 11 PJ dollars

Kelly,

I am modifying PJ contracts to add PJ Life Skills language to the PJ Sub section. You have mentioned that we should include \$75,000. to Region 11's PJ Basic's budget. Do you have more information regarding that fund? Would you like me to just go ahead and add the dollars to the Budget Summary or do you want me to process this at a later date? Please let me know soon. Thanks Kelly.

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copy of E-mails Regarding Additional Funding

Zakia  
Hussain/WA/IWD/EXECUTIV  
E/IOWA/US

06/07/2005 03:25 PM

To Mary Bowser/CAS/IWD/EXECUTIVE/IOWA/US@IOWA

cc

bcc

Subject Re: Request from Jane Barto to amend Region 11 Master  
Agreement for PJ Dollars.

Tony is not here now. We'll get this one out first thing tomorrow morning. FYI.  
Mary Bowser/CAS/IWD/EXECUTIVE/IOWA/US

Mary  
Bowser/CAS/IWD/EXECUTIV  
E/IOWA/US

06/07/2005 03:12 PM

To Zakia Hussain/WA/IWD/EXECUTIVE/IOWA/US@IOWA

cc

Subject Request from Jane Barto to amend Region 11 Master  
Agreement for PJ Dollars.

Jane has requested that a contract modification be prepared to add \$50,000 to Region 11's PJ-Basic  
budget. We've been instructed to ensure this is done ASAP. Please let me know if you have any  
questions.

Thanks in advance for your timely assistance, Zakia

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copy of E-mails Regarding Additional Funding

**Taylor, Kelly [IWD]**

**From:** Taylor, Kelly [IWD]  
**Sent:** Thursday, June 30, 2005 7:48 AM  
**To:** Wiebel, Cathy [IWD]; Leary, Dave [IWD]; Rissman, Fern [IWD]; Johnson, Gary [IWD]; Smith, Jerry [IWD]; Burchfield, Karen [IWD]; Gidley, Linda [IWD]; Bair, Nancy [IWD]; Cunningham, Ramona [IWD]; Greenwood, Sue [IWD]; Augustus, Terry [IWD]; Chris Jensen; Kim Johnson; Wilson, Diane [IWD]; Garman, Judy [IWD]; Tabarella-Redd, Cheryl [IWD]; Horan, Dave [IWD]  
**Cc:** Severson, Sue [IWD]; grovekat@niacc.cc.ia.us; Huckfelt, Jackie [IWD]; rgrote@lavalley.cc.ia.us; Birkett, Kathy [IWD]; VSCHUTT@kirkwood.cc.ia.us; Armstrong, Kris [IWD]; Tesdall, Karen [IWD]; Ploen, Patricia [IWD]; Newberg, Denise [IWD]; matura3@iowatelecom.net; apeterson@secc.cc.ia.us; Bothe@triton.lccc.cc.ia.us; dpates@hawkeye.cc.ia.us; Pauli, Kathleen [IWD]; pmcfarlan@ott1.lhcc.cc.ia.us;  
**Subject:** WEINHOLD, LISA [IPERS RO Contact]  
 PJ, ONE TIME OFFER

As it turned out this year, we have some funds remaining in State Administration PJ basic and in PJ Life Skills, that could be used for any region that may go over-budget for the year ending today. HOWEVER, I have other costs that were allowable PJ expenditures that I could more appropriately reallocate and charge against the unobligated PJ funds. This is a ONE DAY OFFER. If you believe that you were going to go over-budget, YOU NEED TO CONTACT ME THIS MORNING, at 515-281-4263. If I do not answer that phone, then call 515-249-7821. Again, this is a ONE DAY OFFER.

Based on my records, this could impact regions 1, 5 and 11 (at a minimum). There are others that are running very close to spending out their grants. Again, the offer is good for both PJ Basic and Life Skills.

**Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development**

Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

Copy of Selected Pages of Monitoring Report (December 19, 2005)



## Iowa Workforce Development

Thomas J. Vilsack, Governor

Sally J. Pederson, Lt. Governor

Richard V. Running, Director

December 19, 2005

Putting Iowa  
to Work

Ms. Ramona Cunningham, Executive Director  
Central Iowa Employment and Training Consortium  
430 East Grand Ave.  
Des Moines, IA 50309

Dear Ms. Cunningham:

I am in receipt of your response to my monitoring report dated December 7, 2005. The report listed findings that required corrective action and a response from your organization. The findings are summarized below for your review:

1. Obligations in case management were equal to the amount documented in a WIA-Adult participant's file.
2. Documentation supporting a child care payment made on behalf of a WIA-Adult participant was not sufficient.

The original findings, your response, and my final decision, are attached to this letter. Please note that the scope of a financial monitoring review is significantly less than a financial and compliance audit. Therefore, we cannot express an opinion as to whether the financial statements reviewed present fairly the financial position for the period reviewed nor whether all disbursements were made in compliance with the terms of the contract(s) monitored. Subsequent monitoring visits will include a review of the item(s) listed above. Thank you for your assistance in resolving the above noted item(s).

Any questions regarding this letter may be directed to me at (515) 281-7004.

Sincerely,

Mary Bowser, Budget Analyst III  
Iowa Workforce Development

cc: Carol Paulus, Candice Heiser-Winston

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Copy of Selected Pages of Monitoring Report (December 19, 2005)

**OTHER ISSUES FROM IWD QUESTIONNAIRE**

There are other tests conducted during the visit that cannot be appropriately classified with the sections outlined above.

**Comment#3**

Timesheets were reviewed for the pay period including June 30, 2005. When comparing hours charged to the various grant programs administered by CIETC, the IWD monitor identified issues concerning time distribution of non-program staff to grant programs. Historically, programs with more complexity require more managerial and staff time to manage than programs which are less complex. (See the attached spreadsheet for further detail). Because the sample included only one pay period, this distribution may be an anomaly due to fiscal year end activities.

**Corrective Action**

Please provide an explanation of the basis used by CIETC to determine allocation of non-program staff hours to grant programs. Also provide information explaining circumstances that may have caused unusual distributions for the pay period ending June 30, 2005.

**Grantee Response**

Program and Management staff each record their time worked by funding source into an Electronic Time Sheet software program that is imported directly to the FundWare Payroll software.

The size of a program or project is not always a determining factor on the amount of time required to manage it. Although it seems logical that the larger the program the more complex it is and therefore the more time it requires, we have found that this is not always the case. There are several factors that impact the amount of time it takes to administer and manage programs. For Instance:

- Certain functions in an on-going program that has been in place for a long time will take less time because the administrative processes are well established and tested. In other words, some functions will run a lot smoother in an established program than a new program or project when it starts.
- Some small projects are complex because of the responsibilities that are included in the project's Statement of Work. For instance, the Navigator project requires that we use the State of Iowa travel reimbursement policies. Therefore, the accounting staff will spend a great deal of time reviewing and auditing claims. In addition, the Assistant Accountant spends a great deal of time deal(ing) with HR issues with the Navigator employees. Even though this project takes a great deal of the accounting/HR staff's time because CIETC is



Special Investigation of the  
Central Iowa Employment and Training Consortium and  
Iowa Workforce Development

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the fiscal agent for the project, it takes less time of the management of staff vs. the management time for a CIETC project.

•Another item that can impact time worked on a program is when an event or crisis occur that impacts one program or project. This can cause a spike or drop in time worked on a program or project.

**IWD Determination**

The IWD monitor does not accept the above explanation. Both WIA and PROMISE JOBS programs are long standing and with similar levels of funding. However, the PROMISE JOBS program had significantly more managerial time charged to it than the WIA program. IWD monitors will conduct a statewide review of all management time allocations to programs during the spring 2006 monitoring visit. Based upon the findings of this review, Grantees may be subject to disallowed costs if the managerial allocations between programs vary significantly without proper justification.

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Putting Iowa  
to Work

## Iowa Workforce Development

Thomas J. Vilsack, Governor

Sally J. Pederson, Lt. Governor

Richard V. Running, Director

January 7, 2006

Ms. Ramona Cunningham, Executive Director  
Central Iowa Employment and Training Consortium  
430 East Grand Ave.  
Des Moines, IA 50309

RE: Revised Final Monitoring Report

Dear Ms. Cunningham:

I am in receipt of your response to my monitoring report dated December 7, 2005. The report listed findings that required corrective action and a response from your organization. The findings are summarized below for your review:

1. Obligations in case management were equal to the amount documented in a WIA-Adult participant's file.
2. Documentation supporting a child care payment made on behalf of a WIA-Adult participant was not sufficient.

The original findings, your response, and my final decision, are attached to this letter. Please note that the scope of a financial monitoring review is significantly less than a financial and compliance audit. Therefore, we cannot express an opinion as to whether the financial statements reviewed present fairly the financial position for the period reviewed nor whether all disbursements were made in compliance with the terms of the contract(s) monitored. Subsequent monitoring visits will include a review of the item(s) listed above. Thank you for your assistance in resolving the above noted item(s).

Any questions regarding this letter may be directed to me at (515) 281-7004.

Sincerely,

*Mary A. Bowser*

Mary Bowser, Budget Analyst III  
Iowa Workforce Development

cc: Carol Paulus, Steve McCann

Special Investigation of the  
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OTHER ISSUES FROM IWD QUESTIONNAIRE

There are other tests conducted during the visit that cannot be appropriately classified with the sections outlined above.

Comment#3

Timesheets were reviewed for the pay period including June 30, 2005. When comparing hours charged to the various grant programs administered by CIETC, the IWD monitor identified issues concerning time distribution of non-program staff to grant programs. Historically, programs with more complexity require more managerial and staff time to manage than programs which are less complex. (See the attached spreadsheet for further detail). Because the sample included only one pay period, this distribution may be an anomaly due to fiscal year end activities.

Corrective Action

Please provide an explanation of the basis used by CIETC to determine allocation of non-program staff hours to grant programs. Also provide information explaining circumstances that may have caused unusual distributions for the pay period ending June 30, 2005.

Grantee Response

Program and Management staff each record their time worked by funding source into an Electronic Time Sheet software program that is imported directly to the FundWare Payroll software.

The size of a program or project is not always a determining factor on the amount of time required to manage it. Although it seems logical that the larger the program the more complex it is and therefore the more time it requires, we have found that this is not always the case. There are several factors that impact the amount of time it takes to administer and manage programs. For Instance:

- Certain functions in an on-going program that has been in place for a long time will take less time because the administrative processes are well established and tested. In other words, some functions will run a lot smoother in an established program than a new program or project when it starts.

- Some small projects are complex because of the responsibilities that are included in the project's Statement of Work. For instance, the Navigator project requires that we use the State of Iowa travel reimbursement policies. Therefore, the accounting staff will spend a great deal of time reviewing and auditing claims. In addition, the Assistant Accountant spends a great deal of time deal(ing) with HR issues with the Navigator employees. Even though this project takes a great deal of the accounting/HR staff's time because CIETC is

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- Another item that can impact time worked on a program is when an event or crisis occur that impacts one program or project. This can cause a spike or drop in time worked on a program or project.

**IWD Determination**

The IWD monitor does not accept the above explanation. Both WIA and PROMISE JOBS programs are long standing and with similar levels of funding. However, the PROMISE JOBS program had significantly more managerial time charged to it than the WIA program. IWD monitors will conduct a statewide review of all management time allocations to programs during the spring 2006 monitoring visit. Management in each region is expected to be reasonable in the allocations to federal and state programs. They should ensure that all programs, with which they are responsible, be charged an equitable percentage of time. Comments may still be made if the variances are perceived to be excessive by the monitors. However, that will not result in any questioned or disallowed costs, this fiscal year, if all programs are paying for management staff time.

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**Taylor, Kelly [IWD]**

**From:** Cunningham, Ramona [IWD]  
**Sent:** Tuesday, January 03, 2006 10:37 AM  
**To:** Taylor, Kelly [IWD]  
**Cc:** Dietsch, Anthony [IWD]; Bargman, John [IWD]; Fett, Erv [IWD]; 'Archie Brooks'  
**Subject:** RE: Management Time Allocations

Kelly,

We would like to continue to work with you to have an acceptable response from IWD. Below you stated that I charged more time to PJ than WIA; last program year I charged 48.44% of my time to WIA and 40.28% of my time to PJ, the remainder of the time was charged to non-IWD funding. As we stated in our response, when you take a snap shot of time, percentages may be distorted because of program needs for the time period, but for an entire year it usually evens out.

Please advise on what you need to resolve this issue. Thanks again  
Ramona

**From:** Taylor, Kelly [IWD]  
**Sent:** Tuesday, January 03, 2006 10:01 AM  
**To:** Cunningham, Ramona [IWD]  
**Cc:** Bowser, Mary [IWD]; Dietsch, Anthony [IWD]; Fett, Erv [IWD]  
**Subject:** RE: Management Time Allocations

I can ask Mary to revise the report. However, the comment remains and our opinion remains that the response from CIETC is not acceptable. The only thing that will change is that we do not anticipate this to result in questioned costs, during the subsequent monitoring visit. The practice of charging so much time to PJ and so little to WIA, if it is still occurring, can be questioned again in the Spring. However, it will not result in any dollars being questioned or disallowed for the year ending June 30, 2006. The practice could be questioned. After July 1, 2006, costs may be questioned and disallowed, depending on the results of our analysis of Statewide allocations.

That's about all I can ask of Mary in terms of revising the IWD response to that comment.

**From:** Cunningham, Ramona [IWD]  
**Sent:** Tuesday, January 03, 2006 9:52 AM  
**To:** Taylor, Kelly [IWD]  
**Cc:** Bowser, Mary [IWD]; Daly, Pat [IWD]; Wenke, Betty [IWD]; Fett, Erv [IWD]; 'Archie Brooks'; Dietsch, Anthony [IWD]  
**Subject:** RE: Management Time Allocations

Kelly, I have shared the monitoring report and this email with the Chair and the rest of the Executive Board. They would like to see a revised Monitoring report reflecting your current decision in the email. Which closes the report and does not look like it is still open and requires further response from CIETC. Thanks for working with me and the CIETC Board on this issue. Ramona Happy New Year!

**From:** Taylor, Kelly [IWD]  
**Sent:** Tuesday, December 27, 2005 10:49 AM  
**To:** Cunningham, Ramona [IWD]  
**Cc:** Bowser, Mary [IWD]; Daly, Pat [IWD]; Wenke, Betty [IWD]; Fett, Erv [IWD]  
**Subject:** Management Time Allocations

2/16/2006

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Copy of Copies of E-mails Regarding Monitoring Report

Ramona, this note serves as follow-up to our discussion from earlier today, regarding what is an acceptable level of management oversight of various programs administered by each region. Your concern was that our monitor may come back in the Spring and determine that an excessive amount of time was being charged to Promise Jobs by CIETC management staff. In effect saying that insufficient time was being charged to the WIA programs. At that point, it may be too late for you to make allocation changes that would result in keeping CIETC within budget and too late to keep from having disallowed costs.

I have considered your argument and would agree that waiting until our next on-site visit, is not a fair or practical way of resolving this issue. In fact, it would be difficult for you to keep from having disallowed costs, if we were to make a determination now. We are already halfway through the fiscal year. I doubt you could make changes today and not impact staffing levels because of questioned costs. It is not my intent to cause that kind of disruption in services and warrants us taking other steps to find a solution.

I believe that solution would be for us to use the next couple of months to review current allocations by subcontract management staff in all 16 regions. Analyze the data and determine what is reasonable and allowable allocations to each program (given certain tolerances to the variance and deviations). Then, establish policies and guidelines to be used effective July 1, 2006.

For the current fiscal year, we do expect management of each region to be reasonable in their allocations. They should ensure that all programs, with which they are responsible, be charged an equitable percentage of time. Comments may still be made if the variances are perceived to be excessive by the monitors. However, that will not result in any questioned or disallowed costs, this fiscal year, if all programs are paying for management staff time. Does this approach appear to be acceptable, from your perspective?

2/16/2006







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